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State of Minnesota

Comprehensive Annual Financial Report

for the year ended June 30, 1985

Prepared by

Department of Finance

Jay Kiedrowski, Commissioner

309 State Administration Building

St. Paul, Minnesota 55155

STATE OF MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR YEAR ENDED JUNE 30, 1985

TABLE OF CONTENTS

INTRODUCTION

	Page
Transmittal Letter	7
Principal State Officials	12
State Organization Chart	13

FINANCIAL SECTION

GENERAL PURPOSE FINANCIAL STATEMENTS

Auditor's Opinion	17
Combined Balance Sheet - All Fund Types and Account Groups	18
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds	20
Combined Schedule of Budget and Actual Revenues, Expenditures and Changes in Fund Balances - General Fund and Budgeted Special Revenue Funds	21
Combined Statement of Revenues, Expenses and Changes in Fund Equity/Funds Held in Trust - All Proprietary Fund Types and Similar Trust Funds	22
Combined Statement of Changes in Financial Position - All Proprietary Fund Types and Similar Trust Funds	23
Notes to the Financial Statements	24

COMBINING FINANCIAL STATEMENTS

Special Revenue Funds:	
Combining Balance Sheet	48
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	50
Combining Schedule of Budget and Actual Revenues, Expenditures and Changes in Fund Balances - Budgeted Special Revenue Funds	52
Capital Projects Funds:	
Combining Balance Sheet	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	57
Enterprise Funds:	
Combining Balance Sheet	60
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	62
Combining Statement of Changes in Financial Position	64
Internal Service Funds:	
Combining Balance Sheet	68
Combining Statement of Revenues, Expenses and Changes in Retained Earnings	69
Combining Statement of Changes in Financial Position	70
Fiduciary Funds:	
Combining Balance Sheet	73
Pension Trust Funds:	
Combining Balance Sheet	74
Combining Statement of Revenues, Expenses and Changes in Fund Balances/Funds Held in Trust	75
Combining Statement of Changes in Financial Position	76

TABLE OF CONTENTS (Continued)

Page

Defined Benefit Pension Funds:
- Combining Balance Sheet 78
- Combining Statement of Revenues, Expenses and Changes in Fund Balances 80
- Combining Statement of Changes in Financial Position 82

Defined Contribution Funds:
- Combining Balance Sheet 84
- Combining Statement of Revenues, Expenses and Changes in Funds Held in Trust. 85
- Combining Statement of Changes in Financial Position 86

Investment Trust Funds:
- Combining Balance Sheet 87
- Combining Statement of Revenues, Expenses and Changes in Funds Held in Trust. 88
- Combining Statement of Changes in Financial Position 89
- Combining Schedule of Participation 90
- Combining Summary of Investments 91

Expendable Trust Funds:
- Combining Balance Sheet 92
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances ... 94

Agency Funds:
- Statement of Changes in Assets and Liabilities 96

General Fixed Assets Account Group:
- Schedule of General Fixed Assets - By Sources 100
- Schedule of General Fixed Assets - By Function and Activity 101
- Schedule of Changes in General Fixed Assets - By Function and Activity 102

General Long-Term Obligation Account Group:
- Statement of Changes in General Long-Term Obligations 104

GENERAL OBLIGATION DEBT SCHEDULES

Scheduled Debt Service for Fiscal Years 1986-2005 106
Authorized but Unissued General Obligation Debt 112

STATISTICAL SECTION

General Governmental Revenues by Source 116
General Governmental Expenditures by Function and Net Transfers Out 116
Assessed Value of Taxable Property 118
Market Value of Taxable Property 118
Ratio of General Obligation Bonded Debt to Assessed Value of Taxable Property and General Obligation Bonded Debt per Capita 119
Ratio of Annual Debt Service for General Obligation Bonded Debt to General Expenditures 119
Schedules of Revenue Bond Coverage 120
Deposits in Minnesota Federally Insured Commercial Banks 122
Minnesota Per Capita Personal Income 122
Minnesota Gross Retail Sales 122
Employment Mix In Minnesota 123
Minnesota Unemployment Rate 123
Minnesota Based Corporations Included in the Fortune 500 123

INTRODUCTION

STATE OF MINNESOTA
DEPARTMENT OF FINANCE
309 STATE ADMINISTRATION BUILDING
SAINT PAUL, MINNESOTA 55155

612-296-5900

December 27, 1985

The Honorable Rudy Perpich, Governor
and
Members of the Legislature

In accordance with Minnesota Statutes, Section 16A.50, we are submitting the Annual Financial Report of Minnesota for the fiscal year ended June 30,1985. The accompanying financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for governmental units, as established by the Governmental Accounting Standards Board (GASB). This report has been significantly improved from those of previous years and is our first to receive an unqualified audit opinion. The inventory of all state lands and buildings, with historical cost, was completed during fiscal year 1985 permitting us to include general fixed assets in our report. This, along with obtaining actuarial valuations for all pension plans, removed the last audit qualifications.

The Department of Finance is responsible for the accuracy, fairness, and completeness of the financial statements, including all disclosures, presented in this report. We believe that these statements provide a fair representation of the financial position of the state on June 30, 1985, and the results of operations for the fiscal year then ended, in accordance with generally accepted accounting principles. These statements, of necessity, include some amounts which are based on management's best estimates and judgment.

REPORTING ENTITY - This report includes all of the funds and activities considered to be a part of the state's reporting entity. In determining that entity, the following criteria were used: financial interdependence, fiscal accountability, administrative control, and scope of public service. Using these criteria, the University of Minnesota is not considered to be a part of the state's reporting entity because its separate governing board gives it a high degree of autonomy.

FINANCIAL REPORT FORMAT - This report is divided into three sections: Introductory Section; Financial Section, including the auditor's opinion and basic financial statements; and the Statistical Section, containing financial and other data for prior and current years. In the Financial Section, statements are divided into two parts according to the level of detail reported.

> General Purpose Financial Statements (Combined Overview): This level includes the auditor's opinion, the Combined Statements and the Notes to the Financial Statements. The Combined Statements provide, by fund type or account group, a summary of the financial position at June 30, 1985 and the results of operations for the year then ended.

AN EQUAL OPPORTUNITY EMPLOYER

Combining Statements: These financial statements are presented with separate sections for each fund type where the state has more than one fund of that type. Each section provides financial data on each individual fund. Each separate column serves as a financial statement for that particular fund.

The Notes to the Financial Statements in the financial section are considered essential for adequate disclosure and fair presentation of this report. The notes include the Summary of Significant Accounting Policies and other necessary disclosure of matters relating to the financial position of the state. The notes provide additional information regarding the financial statements and are necessary to an understanding of the information included.

MANAGEMENT RESPONSIBILITIES

Accounting System - The Department of Finance is responsible for the statewide accounting system (SWAS) which is maintained on a budgetary basis of accounting. The budgetary basis recognizes revenues and expenditures essentially on a cash basis, except that encumbrances at year end are considered expenditures. Adjustments to accounting data are necessary to provide financial statements in accordance with GAAP. These adjustments result in the budgetary fund balances often being significantly different from those calculated under GAAP.

Budgetary Control - Budgetary control is provided primarily through the accounting system. Specific legislative appropriations are required before expenditures can be made from several funds. These funds include the General, Trunk Highway, State Airports, Game and Fish, and Highway Users Tax Distribution Funds. Appropriations are established in the accounting system at the amounts provided in the appropriation laws. The statewide accounting system does not permit expenditures in excess of these amounts.

Internal Control - The Department of Finance is responsible for designing and applying the state's system of internal accounting controls. These controls provide reasonable assurance that the state's assets are protected against loss, either intentional or unintentional, and that the accounting records from which the financial statements were prepared are reliable.

FINANCIAL HIGHLIGHTS

General Government Functions

During the early part of fiscal year 1985 Minnesota's economy continued to recover as a result of the national economic recovery. Late in the year the effects of the slow down in anticipated growth of the economy caused state revenues to fall below those projected. The reserve which provides a cushion in the event of revenue shortfalls was increased from $375 to $450 million for the biennium beginning July 1, 1985. This increase will help reduce the need for budget changes should the state's economy not grow as forecast.

At June 30, 1985, the General Fund unrestricted fund balance on a GAAP basis was a deficit of $34.9 million, up from a deficit of $78 million at the end of fiscal year 1984. On a budgetary basis however, the unrestricted fund balance was $57 million, up from $2.2 million last year. In addition to these balances, at June 30, 1984, there was a provision of a $250 million reserve against revenue shortfalls which was increased to $375 million for fiscal year 1985.

General Fund revenues and transfers-in totaled $4,911,421,575 for fiscal year 1985, up 2.9% over those for fiscal year 1984. Individual income taxes, net of refunds, were down in total and as a percentage of General Fund revenues. This reduction is due to the elimination of the 10% income tax surcharge, made possible by the improvement in Minnesota's economy. Corporate income taxes were up 23.6% over 1984 because of improved profits.

Fiscal year 1985 General Fund expenditures and transfers-out totalled $4,734,460,102, an increase of 7.3% over the previous year. Of this amount, $3,624,912,111, or 76.6% is in the form of grants and subsidies to local governments, individuals and non-profit organizations.

General Fund revenues, expenditures and transfers, and percent of total, are presented below.

REVENUES AND TRANSFERS-IN:	Amount	Percent of Total
Individual Income Taxes	$2,638,570,047	48.5%
Corporate Income Taxes	420,234,960	7.7
Sales Tax	1,357,131,107	25.0
Other Taxes	671,802,564	12.3
Intergovernmental Revenue	11,228,414	.2
Investment Income	73,947,593	1.4
Other Revenue	265,887,205	4.9
Total Gross Revenues	$5,438,799,890	100.0%
Revenue Refunds	531,580,514	
Net Revenues	$4,907,221,376	
Transfers-In	4,200,199	
Net Revenues and Transfers-In	$4,911,421,575	
EXPENDITURES AND TRANSFERS-OUT:		
Protection of Persons/Property	$ 37,621,220	.8%
Transportation	1,482,761	.0
Resource Management	63,334,793	1.3
Economic/Manpower Development	49,147,548	1.0
Education	271,197,703	5.7
Health and Social Services	281,872,837	6.0
General Government	131,412619	2.8
Capital Outlay	17,494,923	.4
Debt Service	3,600,865	.1
Grants and Subsidies	3,624,912,111	76.6
Total Expenditures	$4,482,077,380	
Transfers-Out	252,382,722	5.3
Total Expenditures and Transfers-Out	$4,734,460,102	100.0%

Debt Administration

Minnesota's credit rating on general obligation bonds was upgraded by Standard and Poor's to AA+ from AA; the rating from Moody's remained at Aa. During fiscal year 1985 the State issued $150 million of new general obligation bonds and redeemed $84.9 million of bonds. In addition, $116.5 million in general obligation refunding bonds were sold. The refunding bonds replaced $109.4 million of bonds originally

issued in May and August of 1982. The true interest costs on the bonds originally issued in May and August, 1982 were 10.33% and 10.51% respectively; the rate on the refunding bonds was 8.41%. We estimate a present value savings totalling $8 million from the refunding of the above mentioned bonds and the general obligation refunding bonds sold on July 1, 1985. The July 1 bonds, in the amount of $52,125,000 with a true interest cost of 7.96%, replace $47,250,000 of bonds sold in August, 1981 at a true interest cost of 10.01%. General Obligation Exchange Bonds, dated February 1, 1985, in the amount of $6.3 million were issued on July 30, 1985 in exchange for $6.3 million of general obligation bonds from the August, 1981 issue.

The state of Minnesota's debt management policy states that the ratio of budgeted biennial debt service expenditures for general obligation bonded debt, paid by transfers from the General Fund, should not exceed 3% of the total projected biennial unrestricted General Fund revenues, net of refunds, on the budgetary basis. The ratio of actual transfers to actual net unrestricted revenues for the biennium ending June 30, 1985 was 2.6%.

The state's debt policy also states that general obligation bonded debt should not exceed 2.5% of the total personal income for the state, as reported for the calendar year most recently ended. This ratio was 2.05% based on general obligation bonded debt outstanding at June 30, 1985 and personal income for calendar year 1984.

Cash Management

General Fund cash flow shortages that necessitated short-term borrowing over the past 5 years have improved considerably. The amount of borrowing needed during fiscal year 1985 was $100 million, down from a high of $850 million in fiscal year 1983. Short term borrowing for 1985, which consisted of commercial paper, was terminated in January 1985. No short term borrowing is necessary for fiscal year 1986.

Minnesota's need to borrow to meet cash flow needs in recent years resulted from declining cash balances at the beginning of the fiscal year, imbalances in the timing of receipts and expenditures during the first half of each fiscal year, and revenue shortfalls in fiscal years 1981 to 1983. The Legislature reduced the timing imbalances by rescheduling some payments, and increased the budget reserve from $250 to $375 million for 1985 and to $450 million for 1986, which helped reduce the need for short-term borrowing.

AUDITS

The Office of the Legislative Auditor performs post-audits of the activities of state agencies. Accordingly, they performed the audit of these financial statements and their opinion is included. Additionally they issue a management letter to each state agency and a summary report to the Legislature.

As a part of the audit of these financial statements a single audit of federal programs is being conducted by the Office of the Legislative Auditor. This audit is the third single audit for the state and is done to meet the requirements of the federal Single Audit Act of 1984. The audit covers federal grant activity for state agencies for the year ended June 30, 1985. A supplementary report, "Financial and Compliance Report on Federally Assisted Programs" will be available in March, 1986.

OUTLOOK

"Uncertainty" is the word that best describes the national and state economic outlook for fiscal year 1986. A growth recession occurred in latter fiscal year 1985. Whether the economy returns to its prior growth rates or falls into a full recession is uncertain. Fortunately, the state of Minnesota has a $450 million budget reserve and the ability to suspend income tax indexing, worth $77 million in the 1986-1987 biennium. These reserves should cushion any revenue shortfalls in fiscal year 1986. Possible cuts in the adopted budget are being developed for fiscal year 1987 if economic conditions become severe. Budget stability remains a central goal of the current administration.

ACKNOWLEDGEMENTS

Although the Department of Finance accepts final responsibility for this report, much of the data was provided by staff in many other state agencies. Assistance from these agencies ranged from providing necessary data to actual preparation of financial statements for their agencies' funds. This assistance was especially necessary this year in compiling fixed asset information. Provision of the information permitted inclusion of fixed asset statements, thereby eliminating a significant audit qualification. I want to express my appreciation for the dedication of the many people in the Department of Finance who helped in the preparation of this report as well as for the many people in other agencies without whose efforts this report, with its unqualified audit opinion, would not be possible.

Sincerely,

Jay Kiedrowski

Jay Kiedrowski
Commissioner

STATE OF MINNESOTA
PRINCIPAL OFFICIALS

EXECUTIVE BRANCH

GOVERNOR: Rudy Perpich

LIEUTENANT GOVERNOR: Marlene Johnson

ATTORNEY GENERAL: Hubert H. Humphrey, III

STATE TREASURER: Robert W. Mattson, Jr.

SECRETARY OF STATE: Joan Anderson Growe

STATE AUDITOR: Arne H. Carlson

LEGISLATIVE BRANCH

HOUSE OF REPRESENTATIVES

SPEAKER OF THE HOUSE: David M. Jennings

SENATE

PRESIDENT OF THE SENATE: Jerome M. Hughes

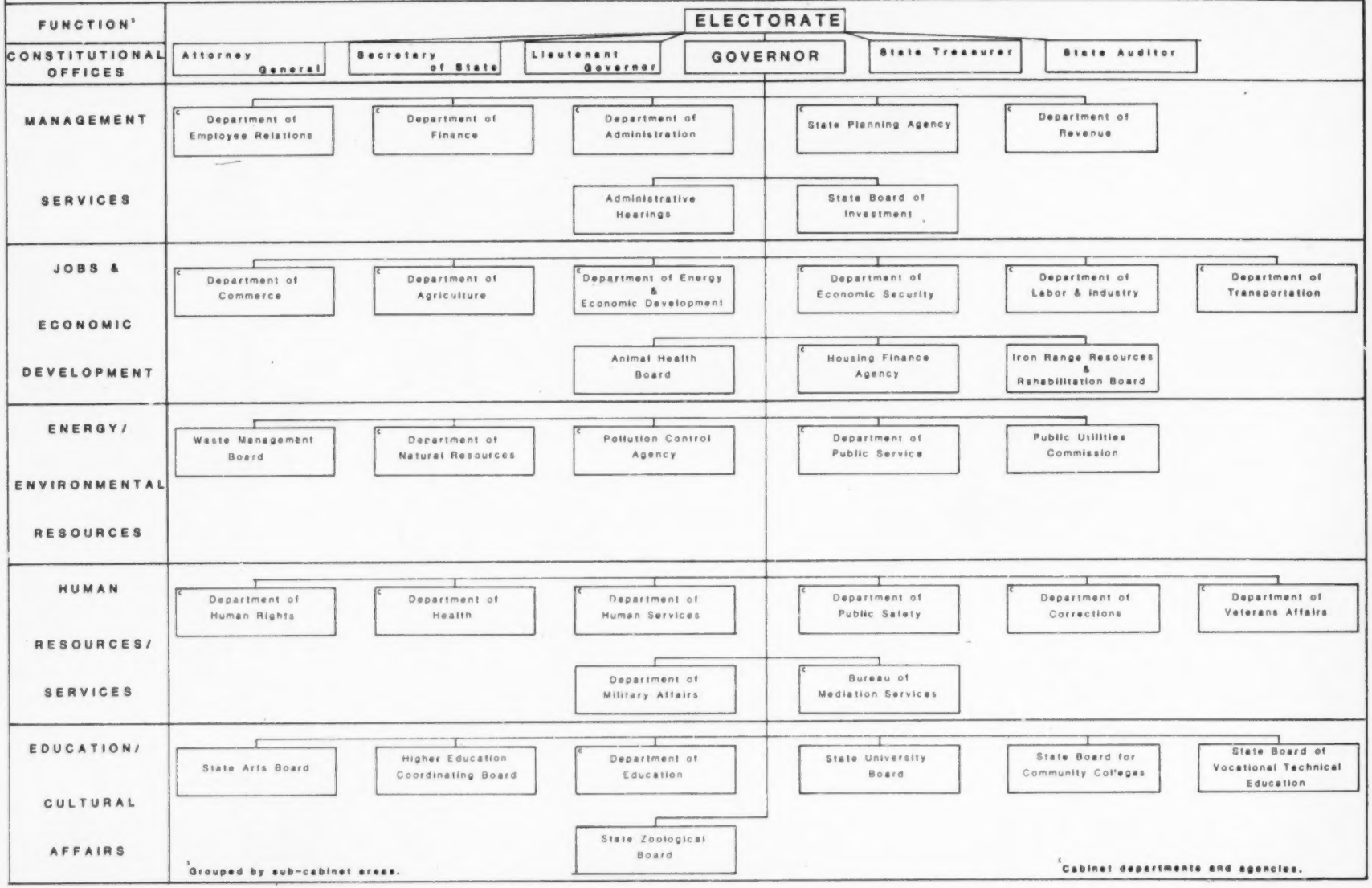
JUDICIAL BRANCH

SUPREME COURT

CHIEF JUSTICE: Douglas K. Amdahl

ORGANIZATION CHART of the EXECUTIVE BRANCH
STATE OF MINNESOTA

Department of Administration
December 1984



[1] Grouped by sub-cabinet areas.

[c] Cabinet departments and agencies.

FINANCIAL SECTION

General Purpose Financial Statements

STATE OF MINNESOTA
OFFICE OF THE LEGISLATIVE AUDITOR
VETERANS SERVICE BUILDING, ST. PAUL, MN 55155 • 612/296-4708
JAMES R. NOBLES, LEGISLATIVE AUDITOR

Members of the Legislature
The Honorable Rudy Perpich, Governor
Jay Kiedrowski, Commissioner, Department of Finance

We have examined the combined financial statements of the State of Minnesota as of and for the year ended June 30, 1985, as listed in the Table of Contents. Our examination was made in accordance with generally accepted auditing standards and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the combined financial statements referred to above present fairly the financial position of the State of Minnesota at June 30, 1985, and the results of its operations and changes in financial position of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the accounting and reporting changes, with which we concur, as explained in Note 22.

Our examination was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining, individual fund, and account group financial statements and schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the combined financial statements of the State of Minnesota. The information has been subjected to the auditing procedures applied in the examination of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

James R. Nobles
Legislative Auditor

John Asmussen, CPA
Deputy Legislative Auditor

November 22, 1985

STATE OF MINNESOTA

COMBINED BALANCE SHEET

ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1985

(IN THOUSANDS)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE
ASSETS AND OTHER DEBITS				
Cash	$774,116	$ 73,030	$ 37,447	$ 323
Investments	-	233,820	97,884	183,197
Accounts Receivable (Net)	34,965	23,738	1	-
Due From Other Funds	4,729	55,155	13,515	15,195
Accrued Income	16,291	4,866	3,093	8,290
Federal Aid Receivable	-	144,507	3,560	-
Inventories	-	14,938	-	-
Deferred Costs	554	3,760	-	-
Restricted Assets	-	-	-	-
Loans/Notes/Financing Leases Receivable	16,755	37,872	11,434	-
Advances to Other Funds	3,739	-	-	-
Equity in Investment Trust Funds	-	-	-	-
Fixed Assets (Net)	-	-	-	-
Other Assets	-	-	-	-
Amount Available in Debt Service Fund	-	-	-	-
Amount to be Provided from General Fund	-	-	-	-
Amount to be Provided from Special Revenue Funds	-	-	-	-
Total Assets and Amounts to be Provided	$851,149	$591,686	$166,934	$207,005
LIABILITIES AND FUND EQUITY				
Liabilities:				
Warrants Payable	$ -	$ -	$ -	$ -
Accounts Payable	225,240	243,079	23,807	232
Accrued Interest Payable	-	-	-	-
Payable to Other Funds	82,401	30,536	15,128	446
Payable to Other Governmental Units	-	12,427	-	-
Deferred Revenue	21,394	5,511	-	-
Payable from Restricted Assets	-	-	-	-
Loans/Notes Payable	-	-	-	-
Installment Purchases Payable	-	-	-	-
Claims and Judgments Payable	-	-	-	-
General Obligation Bonds Payable	-	-	-	-
Revenue Bonds Payable	-	-	-	-
Grants and Subsidies Payable	-	-	-	-
Advances from Other Funds	-	250	-	-
Compensated Absences Payable	-	-	-	-
Capital Leases Payable	-	-	-	-
Funds Held in Trust	-	-	-	1,485
Pension Liabilities	-	-	-	-
Total Liabilities	$329,035	$291,803	$ 38,935	$ 2,163
Fund Equity:				
Contributed Capital	$ -	$ -	$ -	$ -
Investment in General Fixed Assets	-	-	-	-
Retained Earnings:				
Reserved Per Debt Requirements	-	-	-	-
Reserved Per State Law	-	-	-	-
Unreserved Retained Earnings	-	-	-	-
Fund Balances:				
Reserved for Encumbrances	53,647	34,009	-	-
Reserved for Inventory	-	14,938	-	-
Reserved for Long-Term Receivables	20,296	38,446	11,197	-
Reserved for Long-Term Commitments	-	110,378	106,573	-
Reserved for Local Governments	-	-	-	-
Reserved for Endowment Principal	-	-	-	-
Reserved for Debt Requirements	-	-	-	204,842
Reserved for Employee Benefits	-	-	-	-
Reserved for Revenue Shortfall	375,000	-	-	-
Reserved for Other	50,000	-	-	-
Unreserved Fund Balances:				
Designated for Appropriation Carryover	58,023	15,343	10,229	-
Designated for Fund Purposes	-	86,769	-	-
Undesignated	(34,852)	-	-	-
Total Fund Equity	$522,114	$299,883	$127,999	$204,842
Total Liabilities and Fund Equity	$851,149	$591,686	$166,934	$207,005

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

COMBINED BALANCE SHEET

ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1985

(IN THOUSANDS)

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATION	
$ 4,652	$ 2,157	$ 157,273	$ -	$ -	$1,048,998
726,311	-	7,104,195	-	-	8,345,407
5,667	4,432	71,021	-	-	139,824
-	-	79,946	-	-	168,540
37,680	-	68,846	-	-	139,066
200	-	-	-	-	148,267
6,961	650	-	-	-	22,549
34,577	22	28	-	-	38,941
387,657	-	-	-	-	387,657
1,479,213	268	8,174	-	-	1,553,716
13	-	-	-	-	3,752
-	-	2,706,908	-	-	2,706,908
54,478	17,701	16,307	1,172,495	-	1,260,981
143	-	3,165	-	-	3,308
-	-	-	-	91,960	91,960
-	-	-	-	1,205,081	1,205,081
-	-	-	-	161,596	161,596
$2,737,552	$25,230	$10,215,863	$1,172,495	$1,458,637	$17,426,551
$ -	$ -	$ 156,096	$ -	$ -	$ 156,096
3,384	2,088	40,630	-	-	538,460
5,822	-	-	-	-	5,822
-	-	40,029	-	-	168,540
-	-	13,344	-	-	25,771
9,550	23	1,591	-	-	38,069
130,665	-	-	-	-	130,665
-	-	146,736	-	3,442	150,178
8,413	4,800	-	-	-	13,213
-	-	-	-	42,470	42,470
13,599	-	-	-	1,130,155	1,143,754
2,008,196	-	-	-	-	2,008,196
-	-	-	-	184,712	184,712
199	3,303	-	-	-	3,752
1,189	884	586	-	80,092	82,751
22	8,608	-	-	2,300	10,930
95,343	-	3,336,574	-	-	3,433,402
-	-	-	-	15,466	15,466
$2,276,382	$19,706	$ 3,735,586	$ -	$1,458,637	$ 8,152,247
$ 40,937	$ 4,590	$ -	$ -	$ -	$ 45,527
-	-	-	1,172,495	-	1,172,495
108,923	-	-	-	-	108,923
112,557	-	-	-	-	112,557
198,753	934	-	-	-	199,687
-	-	1,252	-	-	88,908
-	-	-	-	-	14,938
-	-	25,286	-	-	95,225
-	-	-	-	-	216,951
-	-	239,782	-	-	239,782
-	-	338,956	-	-	338,956
-	-	-	-	-	204,842
-	-	5,949,301	-	-	5,949,301
-	-	-	-	-	375,000
-	-	5,000	-	-	55,000
-	-	-	-	-	83,595
-	-	(79,300)	-	-	7,469
-	-	-	-	-	(34,852)
$ 461,170	$ 5,524	$ 6,480,277	$1,172,495	$ -	$ 9,274,304
$2,737,552	$25,230	$10,215,863	$1,172,495	$1,458,637	$17,426,551

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES

ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	EXPENDABLE TRUST	
Revenues:						
Individual Income Taxes	$2,638,570	$ -	$ -	$ -	$ -	$2,638,570
Corporate Income Taxes	420,235	-	-	-	-	420,235
Sales Taxes	1,357,131	-	-	-	-	1,357,131
Other Taxes	671,803	656,410	-	-	452,998	1,781,211
Intergovernmental Revenues	11,228	1,573,281	17,875	218	25,217	1,627,819
Care and Hospitalization Revenues	92,930	-	-	-	-	92,930
Tuition and Fees	82,379	-	-	-	-	82,379
Investment Income	73,948	21,811	16,719	19,434	32,655	164,567
Other Revenues	90,578	137,081	182	4	69,039	296,884
Gross Revenues	$5,438,802	$2,388,583	$ 34,776	$ 19,656	$579,909	$8,461,726
Less Revenue Refunds	531,581	26,825	-	-	20	558,426
Net Revenues	$4,907,221	$2,361,758	$ 34,776	$ 19,656	$579,889	$7,903,300
Expenditures:						
Current:						
Protection of Persons/Property	$ 37,621	$ 57,087	$ 612	$ -	$ 53	$ 95,373
Transportation	1,483	217,939	44	-	2,148	221,614
Resource Management	63,335	46,372	2,368	-	189	112,264
Economic/Manpower Development	49,147	90,248	-	-	1,032	140,427
Education	271,198	22,182	2,475	-	1,675	297,530
Health and Social Services	281,873	42,381	-	-	396	324,650
General Government	131,412	4,724	14,886	-	61,969	212,991
Total Current Expenditures	$ 836,069	$ 480,933	$ 20,385	$ -	$ 67,462	$1,404,849
Capital Outlay	17,495	331,175	56,052	-	-	404,722
Debt Service	3,601	-	-	285,723	10,748	300,072
Grants and Subsidies	3,624,912	1,328,907	72,474	-	578,736	5,605,029
Total Expenditures	$4,482,077	$2,141,015	$ 148,911	$ 285,723	$656,946	$7,714,672
Excess of Revenues Over (under) Expenditures	$ 425,144	$ 220,743	$(114,135)	$(266,067)	$(77,057)	$ 188,628
Other Financing Sources (Uses):						
General Obligation Bonds	$ -	$ 35,000	$ 115,000	$ 116,500	$ -	$ 266,500
Operating Transfers-In	4,200	450,233	13,796	188,431	256,885	913,545
Operating Transfers to Debt Service	(147,365)	(24,347)	(16,719)	-	-	(188,431)
Other Operating Transfers-Out	(105,018)	(598,869)	(7,101)	-	(3,596)	(714,584)
Investment Income Allocated to Proprietary Funds	-	-	-	(148)	-	(148)
Capital Leases	623	-	-	-	-	623
Other Uses	-	(2,554)	-	-	-	(2,554)
Net Other Financing Sources (Uses)	$ (247,560)	$ (140,537)	$ 104,976	$ 304,783	$253,289	$ 274,951
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ 177,584	$ 80,206	$ (9,159)	$ 38,716	$176,232	$ 463,579
Fund Balances, July 1, 1984, as Reported	$ 344,362	$ 231,811	$ 137,319	$ 165,920	$ 21,463	$ 900,875
Prior Period Adjustments	-	4,852	-	-	-	4,852
Changes in Reporting Entity	-	(19,318)	-	-	-	(19,318)
Fund Balances, July 1, 1984, as Restated	$ 344,362	$ 217,345	$ 137,319	$ 165,920	$ 21,463	$ 886,409
Net Residual Equity Transfers	168	(190)	(161)	206	(23)	-
Change in Inventory	-	2,522	-	-	-	2,522
Fund Balances, June 30, 1985	$ 522,114	$ 299,883	$ 127,999	$ 204,842	$197,672	$1,352,510

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

COMBINED SCHEDULE OF BUDGET AND ACTUAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GENERAL FUND AND BUDGETED SPECIAL REVENUE FUNDS

BUDGETARY BASIS

YEAR ENDED JUNE 30,1985

(IN THOUSANDS)

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:						
Taxes	$5,106,495	$5,053,710	$ (52,785)	$ 586,040	$ 597,543	$ 11,503
Intergovernmental Revenues	69,600	66,622	(2,978)	286,350	253,657	(32,693)
Investment Income	71,500	73,862	2,362	13,250	17,839	4,589
Other Revenues	350,275	353,233	2,958	59,368	65,037	5,669
Gross Revenues	$5,597,870	$5,547,427	$ (50,443)	$ 945,008	$ 934,076	$(10,932)
Less Revenue Refunds	436,189	495,063	(58,874)	26,534	40,966	(14,432)
Net Revenues	$5,161,681	$5,052,364	$(109,317)	$ 918,474	$ 893,110	$(25,364)
Expenditures:						
Current:						
Protection of Persons/Property	$ 38,139	$ 37,570	$ 569	$ 52,414	$ 49,218	$ 3,196
Transportation	2,696	1,559	1,137	214,948	217,481	(2,533)
Resource Management	70,176	63,867	6,309	27,194	27,467	(273)
Economic/Manpower Development	64,409	53,883	10,526	-	-	-
Education	275,927	273,479	2,448	19	17	2
Health and Social Services	331,187	301,563	29,624	422	393	29
General Government	142,235	141,332	903	35	1,150	(1,115)
Total Current Expenditures	$ 924,769	$ 873,253	$ 51,516	$ 295,032	$ 295,726	$ (694)
Capital Outlay	20,761	21,447	(686)	429,194	391,239	37,955
Debt Service	2,576	2,618	(42)	-	-	-
Grants and Subsidies	3,795,561	3,764,982	30,579	8,767	7,643	1,124
Total Expenditures	$4,743,667	$4,662,300	$ 81,367	$ 732,993	$ 694,608	$ 38,385
Excess of Revenues Over (Under) Expenditures	$ 418,014	$ 390,064	$ (27,950)	$ 185,481	$ 198,502	$ 13,021
Other Sources (Uses):						
General Obligation Bonds	$ -	$ -	$ -	$ 34,825	$ 34,825	$ -
Operating Transfers-In	8,470	8,569	99	397,242	402,440	5,198
Operating Transfers to Debt Service	(147,205)	(147,368)	(163)	(20,675)	(22,080)	(1,405)
Other Operating Transfers-Out	(109,093)	(110,360)	(1,267)	(571,990)	(598,022)	(26,032)
Net Other Sources (Uses)	$ (247,828)	$ (249,159)	$ (1,331)	$(160,598)	$(182,837)	$(22,239)
Excess of Revenues Over (Under) Expenditures and Net Other Sources (Uses)	$ 170,186	$ 140,905	$ (29,281)	$ 24,883	$ 15,665	$ (9,218)
Fund Balances, July 1, 1984	374,521	374,521	-	23,860	43,630	19,770
Prior Year Adjustments	25,212	23,118	(2,094)	(7,757)	(1,854)	5,903
Fund Balances, June 30, 1985	$ 569,919	$ 538,544	$ (31,375)	$ 40,986	$ 57,441	$ 16,455
Less Appropriation Carryover	2,634	56,079	(53,445)	15,392	15,343	49
Less Reserve for Other	50,000	50,000	-	-	-	-
Less Reserve for Revenue Shortfall	375,000	375,000	-	-	-	-
Fund Balances-Undesignated/Designated for Fund Purposes, June 30, 1985	$ 142,285	$ 57,465	$ (84,820)	$ 25,594	$ 42,098	$ 16,504

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY/FUNDS HELD IN TRUST

ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY)
				NONEXPENDABLE TRUST FUND	
	ENTERPRISE	INTERNAL SERVICE	PENSION TRUST	PERMANENT SCHOOL	
Operating Revenues:					
Net Sales	$ 17,441	$11,101	$ -	$ 4,226	$ 32,768
Contributions	-	-	423,004	-	423,004
Investment/Interest Income	207,502	-	571,275	29,989	808,766
Rental and Service Fees	39,251	22,520	-	-	61,771
Distributed Investment Trust Fund Income	-	-	223,148	-	223,148
Realized and Unrealized Gains (Losses)	-	-	470,121	(3,939)	466,182
Other Income	-	-	5,176	-	5,176
Total Operating Revenues	$264,194	$33,621	$1,692,724	$ 30,276	$ 2,020,815
Less Cost of Goods Sold	13,248	5,105	-	-	18,353
Gross Margin	$250,946	$28,516	$1,692,724	$ 30,276	$ 2,002,462
Operating Expenses:					
Annuity Payments	$ -	$ -	$ 229,944	$ -	$ 229,944
Refunded Contributions	-	-	31,608	-	31,608
Interest and Financing Costs	159,345	1,017	-	-	160,362
Purchased Services	24,654	11,150	1,641	-	37,445
Investment Management Fees	-	-	7,270	-	7,270
Salaries and Fringe Benefits	18,448	10,023	4,651	-	33,122
Depreciation	3,567	3,272	210	-	7,049
Amortization	664	1,007	-	-	1,671
Supplies and Materials	2,039	1,483	176	-	3,698
Indirect Costs	394	949	169	-	1,512
Other Expenses	1,762	83	30	-	1,875
Total Operating Expenses	$210,873	$28,984	$ 275,699	$ -	$ 515,556
Operating Income (Loss)	$ 40,073	$ (468)	$1,417,025	$ 30,276	$ 1,486,906
Nonoperating Revenues (Expenses):					
Participant Contributions	$ -	$ -	$ 473,810	$ -	$ 473,810
Federal Grants and Subsidies	61,511	-	-	-	61,511
Other Nonoperating Revenues	77	190	-	-	267
Participant Withdrawals	-	-	(186,751)	-	(186,751)
Grants, Aids and Subsidies	(58,824)	-	-	-	(58,824)
Other Nonoperating Expenses	(1,134)	-	-	-	(1,134)
Net Nonoperating Revenues (Expenses)	$ 1,630	$ 190	$ 287,059	$ -	$ 288,879
Income (Loss) Before Operating Transfers	$ 41,703	$ (278)	$1,704,084	$ 30,276	$ 1,775,785
Operating Transfers-In	33,715	-	6,020	-	39,735
Operating Transfers-Out	(19,308)	-	(1,065)	(29,892)	(50,265)
Net Income (Loss)	$ 56,110	$ (278)	$1,709,039	$ 384	$ 1,765,255
Depreciation on Fixed Assets Acquired with Contributed Capital	361	-	-	-	361
Recovery of Unrealized Loss on Equity Securities	-	-	168,899	2,802	171,701
Increase (Decrease) in Fund Equity/ Funds Held in Trust	$ 56,471	$ (278)	$1,877,938	$ 3,186	$ 1,937,317
Fund Equity/Funds Held in Trust, July 1, 1984, as Reported	$339,739	$ 1,212	$7,380,931	$346,024	$ 8,067,906
Prior Period Adjustments	4,739	-	-	(10,254)	(5,515)
Changes in Reporting Entity	19,284	-	7,947	-	27,231
Fund Equity/Funds Held in Trust, July 1, 1984, as Restated	$363,762	$ 1,212	$7,388,878	$335,770	$ 8,089,622
Fund Equity/Funds Held in Trust, June 30, 1985	$420,233	$ 934	$9,266,816	$338,956	$10,026,939

The notes are an integral part of the financial statements.

STATE OF MINNESOTA

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSTION

ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES		TOTALS (MEMO-RANDUM ONLY)
				NONEXPENDABLE TRUST FUND	
	ENTERPRISE	INTERNAL SERVICE	PENSION TRUST	PERMANENT SCHOOL	
Cash Provided:					
From Operations:					
Net Income (Loss)	$ 56,110	$ (278)	$1,709,039	$ 384	$ 1,765,255
Items Added to (Deducted from) Net Income:					
Decrease (Increase) in Current Assets:					
Accounts Receivable	$ (2,227)	$(3,050)	$ (12,841)	$ (574)	$ (18,692)
Accrued Income	(5,440)	-	(17,259)	(681)	(23,380)
Due from Other Funds	64	3,618	(11,774)	7	(8,085)
Inventories	(1,518)	(1)	-	-	(1,519)
Other Current Assets	4,765	3	(3,137)	-	1,631
Increase (Decrease) in Current Liabilities:					
Accounts Payable	629	(30)	(54,940)	(977)	(55,318)
Accrued Interest Payable	9,289	-	-	-	9,289
Payable to Other Funds	(157)	(279)	6,203	859	6,626
Deferred Revenue	(1,772)	(9)	99	465	(1,217)
Other Current Liabilities	190	-	22	-	212
Depreciation	3,567	3,485	210	-	7,262
Amortization	664	1,007	-	-	1,671
Recovery of Unrealized Loss on Equity Securities	-	-	168,899	2,802	171,701
Losses (Gains) on Fixed Asset Sales	190	(13)	-	-	177
Change in Other Assets/Liabilities	1,421	21	-	-	1,442
Total Items Added (Deducted)	$ 9,665	$ 4,752	$ 75,482	$ 1,901	$ 91,800
Total Cash Provided from Operations	$ 65,775	$ 4,474	$1,784,521	$ 2,285	$ 1,857,055
Other Cash Provided:					
Proceeds from Sales of Bonds	$ 386,337	$ -	$ -	$ -	$ 386,337
Reduction of Loans and Financing Leases Receivable	151,997	341	-	-	152,338
Increase in Capital Leases Payable	22	8,637	-	-	8,659
Increase in Installment Purchases Payable	-	1,232	-	-	1,232
Capital Contributions	897	-	-	-	897
Proceeds from the Sale of Fixed Assets	40	829	53	-	922
Other Sources	18,857	456	-	-	19,313
Total Other Cash Provided	$ 558,150	$11,495	$ 53	$ -	$ 569,698
Total Cash Provided	$ 623,925	$15,969	$1,784,574	$ 2,285	$ 2,426,753
Cash Applied:					
Loans Issued	$ 226,116	$ -	$ -	$ -	$ 226,116
Investments in Fixed Assets/Financing Leases	6,731	11,205	465	-	18,401
Deferred Costs	9,134	-	-	-	9,134
Reduction of Indebtedness	173,054	1,644	-	-	174,698
Reduction of Capital Leases Payable	-	1,327	12	-	1,339
Reduction of Installment Purchases Payable	-	2,082	-	-	2,082
Other	1,509	4	-	-	1,513
Total Cash Applied	$ 416,544	$16,262	$ 477	$ -	$ 433,283
Net Increase (Decrease) in Cash and Investments	$ 207,381	$ (293)	$1,784,097	$ 2,285	$ 1,993,470
Cash and Investments, July 1, 1984, as Reported	$ 893,650	$ 2,450	$7,353,769	$329,294	$ 8,579,163
Changes in Reporting Entity	17,214	-	6,166	-	23,380
Cash and Investments, July 1, 1984, as Restated	$ 910,864	$ 2,450	$7,359,935	$329,294	$ 8,602,543
Cash and Investments, June 30, 1985	$1,118,245	$ 2,157	$9,144,032	$331,579	$10,596,013

The notes are an integral part of the financial statements.

These notes provide disclosures relevant to the combined financial statements on the preceding pages.

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Basis of Presentation

The reporting policies of the State of Minnesota conform to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

Financial Reporting Entity of the State of Minnesota

This report includes the various state departments, agencies, institutions and organizational units which are controlled by or dependent upon the Minnesota Legislature and/or its constitutional officers. The criteria used to determine the state's reporting entity were degrees of: financial interdependence, fiscal accountability, administrative control, and scope of public service. All governmental units not meeting those criteria, and therefore considered to be autonomous from the state, have been excluded from this report.

Although partially supported by state appropriations, the University of Minnesota has not been included in the reporting entity. The high degree of autonomy of the University was of primary importance in deciding upon its exclusion. This autonomy is attributed to the independence of its governing board, the Board of Regents, which controls the administration and operation of the University. The Board of Regents' authority for overall budget approval, and responsibility for funding of deficits or use of surpluses were also of significance in determining the University's exclusion.

However, the state universities and community colleges are an integral part of the state's operations. Their primary operations are accounted for on the Statewide Accounting System and they are subject to the same controls as all other state agencies. The results of operations and the financial position for the colleges and universities therefore do not appear as discrete presentations (component units) in these financial statements but are reported along with the activities of all state agencies in the appropriate funds or fund types.

The organizations below which are included in this report also prepare and publish their own financial reports which may contain differences in presentation resulting from differing reporting emphasis:

Teachers Retirement Association
Minnesota State Retirement System
Public Employees Retirement Association
State Board of Investment (investment trust funds)
Minnesota Housing Finance Agency
Higher Education Coordinating Board (student loan funds)
Higher Education Facilities Authority
State University Board (revenue bond fund)

Copies of their reports may be obtained directly from the organizations.

Classification of Funds

Individual funds have been established as stipulated by legal provisions or by administrative discretion. The funds presented are classified according to GAAP as follows.

Governmental Funds

These funds account for the acquisition, use and balances of expendable financial resources and the related current liabilities. Most state operations are accounted for in this fund category which is comprised of the general, special revenue, capital projects and debt service generic fund types described as follows:

General Fund - Accounts for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specific purposes.

Capital Projects Funds - Account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Debt Service Fund - Accounts for the accumulation of resources for, and the payment of, most general long-term obligation principal and interest.

Proprietary Funds

These funds account for all assets, liabilities and equities, and match revenues and expenses to determine net income and capital maintenance. The generic fund types included in the proprietary fund category are listed on the following page.

Enterprise Funds - Account for operations: (1) that are financed and operated in a manner similar to private business enterprises and where the intent of the state is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the state has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds - Account for the financing of goods or services provided by one state agency to other state agencies on a cost-reimbursement basis.

Fiduciary Funds

These funds account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Depending on their nature, fiduciary funds are classified for accounting measurement purposes like governmental (expendable trust funds) or proprietary (nonexpendable trust and pension trust funds). Agency funds are custodial in nature; thus they do not measure results of operations. Descriptions of the generic fund types included in the fiduciary fund category are as follows:

Pension Trust Funds - Account for funds administered by independent boards and for which the state performs a fiduciary role. These funds have been categorized by function into the following three types:

- Defined Benefit Pension Funds include those retirement funds for which the participant's retirement annuity is based upon a statutory formula utilizing such factors as age, average salary, length of service and others.

- Defined Contribution Pension Funds include those retirement funds for which the amount of the participant's retirement annuity is primarily determined by the employer/employee contributions. Other factors such as age and length of service may provide minimum eligibility qualifications.

- Investment Trust Funds are a group of investment funds which serve as investment vehicles for the participating funds. They are administered by the State Board of Investment in accordance with the applicable statutes defining the participating funds, the types of investments which may be purchased and the distribution of earnings or losses.

Nonexpendable Trust Funds - Account for funds whose principal may not be expended.

Expendable Trust Funds - Account for funds whose resources, including principal and earnings, may be expended.

Agency Funds - Account for funds which hold monies in an agency capacity for various governmental units, individuals or funds.

Account Groups

General Fixed Asset Account Group - Fixed assets acquired or constructed for use by the state in the conduct of its activities, other than those accounted for in proprietary and fiduciary fund types are accounted for in the General Fixed Asset Account Group.

General Long-Term Obligation Account Group - Accounts for unmatured principal of bonds, loans, or other forms of long-term indebtedness except that accounted for in the proprietary and fiduciary funds.

Basis of Accounting

All proprietary funds, pension trust funds and nonexpendable trust funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized as they are incurred. All governmental, expendable trust and agency funds are accounted for using the modified accrual basis of accounting. The modified accrual basis of accounting includes the following recognition principles.

Revenues: Individual income, sales and unemployment compensation taxes and federal grants are the major revenue sources susceptible to accrual. Tax revenues are recognized in the period they become both measurable and available to finance expenditures of the current period. Measurable means that taxpayer liability is supported by sufficient documentation and can be reasonably estimated. Available means collectible by the August close of the books. Similarly, anticipated refunds of such taxes are recorded as reductions in revenue in the period when the claim is received and the state's liability is measurable. Federal grants collected on a reimbursement basis are recognized as revenue when reimbursable expenditures are made. Revenues collected on an advance basis, including certain federal grant revenues, to which the state does not yet have legal entitlement are recognized as deferred revenue until the related commitment arises, at which time revenue is recognized.

Expenditures and Related Liabilities: Expenditures and payables are recognized when obligations are incurred as a result of the receipt of goods and services. Grant expenditures are discussed separately on the following page.

Encumbrance Accounting: Encumbrance accounting is used for budgetary control purposes only. In the financial statements encumbrances are recorded only in the balance sheet as a reservation of fund balance for subsequent year expenditure except for those long-term commitments which rely significantly on future resources as discussed in Note 13.

Grants and Subsidies Expenditures and Liabilities Recognition

Grants and subsidies are contributions of cash or other assets by the state to other governmental units, individuals or to nongovernmental organizations. The GAAP requirement that expenditures and liabilities be recognized at the point goods and services are received is not relevant for grants because the state does not receive a direct service for grant payments. It is therefore necessary to use different criteria for the recognition of grant expenditures and liabilities.

Grants are normally paid on an entitlement basis or a reimbursement basis. Reimbursements can be for specific services provided to specific eligible recipients or such reimbursements can be for eligible types of expenditures. Grants paid on a reimbursement basis are recognized as expenditures and liabilities in the year in which the grantee incurs the costs of specific services to eligible recipients or makes eligible types of expenditures. Entitlement type grants may be based on services provided by the grantee which the grant is meant to help fund, but not based on the cost of providing the service. Expenditures and related liabilities for these types of entitlement grants are recognized as the service is provided if the amount owed is reasonably estimable soon after the end of the fiscal year. Other types of entitlement type grants are not based on services provided or actions taken by the grantee. Expenditures and related liabilities for these types of grants are recognized in the fiscal year in which the resources were appropriated.

Compensated Absences

State employees accrue vacation leave, sick leave and compensatory leave at various rates within limits specified in collective bargaining agreements. Such leave is liquidated in cash primarily only at the time of termination from state employment. For governmental funds, because the current portion of the compensated absence liability is immaterial, total compensated absences are reported in the General Long-Term Obligation Account Group. All other fund types report this liability as a fund liability.

Inventories

All governmental funds, except the Trunk Highway Fund, and the Miscellaneous Special Revenue Fund use the purchase method to account for inventories. The Trunk Highway Fund, a special revenue fund, values inventories using the weighted-average method (a consumption type method). The Miscellaneous Special Revenue Fund values its inventory of land for resale using the specific cost method. Inventories of proprietary funds are accounted for and valued by using various methods allowable under generally accepted accounting principles.

Property, Plant and Equipment

General Fixed Assets - General fixed assets are recorded at cost or, for donated assets, at fair market value at date of acquisition. An inventory of land and buildings for general fixed assets was completed in 1985. Historical cost records for assets acquired years ago are incomplete or not available. Accordingly, estimated historical costs have been used in these situations. Public domain (infrastructure) general fixed assets such as highways, curbs, bridges, and lighting systems are not capitalized. Depreciation is not provided on general fixed assets nor is interest during construction capitalized.

Proprietary and Fiduciary Fund Types - Fixed assets are stated at cost or, for donated assets, at fair market value at date of acquisition. Such assets are depreciated or amortized on a straight-line basis over the useful lives of the assets. Estimated useful lives are as follows:

Buildings	40-50 years
Improvements (large)	20-50 years
Improvements (small)	3-10 years
Equipment	3-12 years

General Long-Term Liabilities

All unmatured long-term indebtedness not reported in a proprietary or trust fund is accounted for in the General Long-Term Obligation Account Group. Included among these liabilities are the noncurrent portions of liabilities resulting from debt issuances, compensated absences, claims, judgments, some unfunded pension liabilities (see Note 20) and others.

Budgeting and Budgetary Control

Minnesota operates on a two-year (biennial) budget cycle, ending on June 30 of the odd-numbered years. Appropriations in the biennial budget, however, are usually for a single year. Specific appropriations are required for expenditures from the General Fund and four special revenue funds: Game and Fish, Trunk Highway, State Airports and Highway User Tax Distribution Funds.

All expenditures in these funds are made pursuant to the appropriations in the biennial budget, as amended by subsequent legislative appropriation actions. Budgetary control is essentially maintained at the departmental level except for certain grant and aid programs where control is at the program level. In most cases, budget revisions reflecting transfers between programs within an agency are permitted upon notification of the Governor and legislative leadership.

For most appropriations, unencumbered balances at year end cancel; for specified others, such balances may carry forward to the subsequent year. The budget and the Statewide Accounting System (SWAS) are maintained essentially on a cash basis with the exception that at year end, encumbered amounts are included in expenditures for budgetary reporting. The SWAS controls expenditures by appropriation line item as established in the legally adopted appropriation bills and a separate report showing the detail of legal level of control and actual expenditures is available from the Department of Finance.

"Memorandum Only" Totals Column

The "Totals (Memorandum Only)" column represents the sum of the combining financial statements. Consolidated financial information is not presented.

2. CASH AND INVESTMENTS

Where Minnesota Statutes provide, an individual fund's cash is separately invested, usually through the State Board of Investment. All cash in the state treasury not invested by individual funds is pooled and invested as the State Treasurer's "Invested Treasurer's Cash" (ITC). The ITC is available to pay operating expenses and transfers and to relieve cash deficiencies in the General Fund to the extent allowable under Minnesota Statutes Section 16A.671. All investment earnings of ITC except on balances in specific accounts, as provided in the statutes, are credited to the General Fund. Investment earnings credited to the General Fund from ITC in fiscal year 1985 were $71,901,186. The amount credited to other individual accounts from ITC totaled $2,137,803. A schedule of the cash balances available for investment in ITC at June 30, 1985 is presented below. Because some funds have cash outside of the state treasury, the cash available for ITC may differ from the cash balances indicated on the balance sheets.

Invested Treasurer's Cash
June 30, 1985

Fund Types	Cash Balance
General Fund	$ 773,460,008
Special Revenue Funds	71,384,216
Capital Projects Funds	37,446,692
Trust and Agency Funds	158,324,851
Proprietary Funds	4,019,023
Total Cash Balances	$1,044,634,790
Uninvested Cash	(18,777,064)
ITC Investments	$1,025,857,726

Nearly all funds value equity securities at cost and debt securities at amortized cost. The Investment Trust Funds (fiduciary funds) are an exception, valuing investments at market. The cost and market values for Investment Trust Funds are $2,845,357,302 and $3,038,156,325 respectively. The Defined Benefit Pension Funds' (fiduciary funds) investments, which have a market value of $3,713,571,879, are reported at cost with a value of $3,400,289,562. For all other funds, the cost of investments approximates market.

Market values of equity securities held by defined benefit pension funds recovered sufficiently during fiscal year 1985 to more than offset the unrealized market losses reported at June 30, 1984. Accordingly, these losses are no longer reported as valuation accounts on the balance sheets and the corresponding recoveries are shown as additions to net income on the Statement of Revenues, Expenses, and Changes in Fund Balances.

Certain U.S. government and government agency securities are loaned out to banks and brokers to generate additional income of 0.5%. Collateral pledged in the amount of 105% of the market value of securities loaned is required. Securities loaned as of June 30, 1985 were as follows:

	Cost of Securities Loaned
Governmental Fund Type:	
Special Revenue Funds	$ 8,805,675
Capital Projects Fund	9,873,473
Debt Service Fund	2,616,706
Proprietary Fund Type:	
Enterprise Funds	12,017,969
Fiduciary Fund Type:	
Pension Trust Funds	425,736,138
Nonexpendable Trust Funds	24,926,582
Expendable Trust Funds	60,969,100
Invested Treasurer's Cash	72,481,507
Total	$617,427,150

3. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables, excluding advances to/from other funds, at June 30, 1985 are summarized as follows (in thousands):

	Payable Funds									
		Special Revenue Fds		Capital Project		Fiduciary Funds				
	General	Highway User Tax Dist.	Other	Fund Building	Debt Service	Permanent School	Teachers Retire-ment	Public Employee Retirement	Other	Total Due From Other Funds
Receivable Funds										
General Fund	-	$ 725	$2,935	-	$ 356	-	-	-	$ 713	$ 4,729
Special Revenue Funds:										
Trunk Highway	$ -	$14,961	$ 46	-	$ 90	$ -	-	-	$ -	$ 15,097
Highway User Tax Dist.	19,109	-	-	-	-	-	-	-	-	19,109
Misc. Special Revenue	11,295	2,184	-	-	-	2,811	-	-	-	16,290
Other Special Revenue	4,411	185	48	-	-	-	-	-	15	4,659
Total Special Revenue	$ 34,815	$17,330	$ 94	-	$ 90	$ 2,811	-	-	$ 15	$ 55,155
Capital Project Fund:										
General Project	$ 13,515	-	-	-	-	-	-	-	-	$ 13,515
Debt Service Fund	-	-	$ 67	$ 15,128	-	-	-	-	-	$ 15,195
Fiduciary Funds:										
Teachers Retirement	$ 25,353	$ -	-	-	-	$ -	$ -	$ -	$ 469	$ 25,822
Endowment School	-	-	-	-	-	12,349	-	-	-	12,349
Post Retirement Invest.	-	-	-	-	-	-	13,740	6,326	2,791	22,857
Agency Funds	6,003	-	-	-	-	-	-	-	-	6,003
Other Fiduciary Funds	2,715	9,385	-	-	-	-	-	41	774	12,915
Total Fiduciary Funds	$ 34,071	$ 9,385	-	-	-	$12,349	$13,740	$ 6,367	$4,034	$ 79,946
Total Payables	$ 82,401	$27,440	$3,096	$ 15,128	$ 446	$15,160	$13,740	$ 6,367	$4,762	$168,540

The General Fund has made advances to the internal service funds, the Enterprise Activities Fund (an enterprise fund), and the Miscellaneous Special Revenue Fund (a special revenue fund).

4. LOANS, NOTES AND FINANCING LEASES RECEIVABLE

Loans, notes, and financing leases receivable as of June 30, 1985, consisted of the following (in thousands):

	Funds					
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Fiduciary
Minnesota Housing Finance Agency Loans	$ -	$ -	$ -	$1,204,937	$ -	$ -
Government Student Loans	-	-	-	174,574	-	-
Medical and Osteopathy Student Loans	-	-	-	2,621	-	-
Higher Education Facilities Authority Loans	-	-	-	18,394	-	-
Energy and Economic Development Loans	-	-	-	8,962	-	-
College Student Loans	-	-	-	30,122	-	-
Maximum Effort School Loans	-	29,103	-	-	-	-
School Energy Loans	-	-	10,075	-	-	-
Family Farm Loans	10,841	-	-	-	-	-
N.E. Minnesota Economic Protection Loans	-	-	-	-	-	7,366
Notes Receivable	188	-	-	348	-	-
Mortgage Notes Receivable	-	-	-	-	-	808
Financing Leases Receivable	-	-	-	44,882	268	-
Other	5,726	8,769	1,359	-	-	-
	16,755	37,872	11,434	1,484,840	268	8,174
Less Allowance for Possible Loan Losses				5,495		
Loans and Notes Receivable, Net	$16,755	$37,872	$11,434	$1,479,345	$ 268	$ 8,174

Loans Receivable shown above for the Enterprise Funds do not equal those shown on the Balance Sheet since $131,156 of the Loans Receivable of the Higher Education Coordinating Board Medical and Osteopathy Student Loan Fund is included in restricted assets.

5. EQUITY IN INVESTMENT TRUST FUNDS

Equity in investment trust funds is the participation of the various defined benefit and defined contribution pension funds (fiduciary funds) in the investment trust funds (also fiduciary funds). Consistent with fund accounting principles, the state records the aggregate defined benefit and defined contribution pension fund resources invested in the appropriate investment trust funds, with the corresponding equity interest recorded in the respective defined benefit and defined contribution pension funds. Accordingly, when various analytical comparisons are being made, the combined net assets of all pension trust funds must be adjusted to eliminate the effects of this method of presentation.

The total equities held by the defined benefit and defined contribution funds does not equal the net funds held in trust by the investment trust funds. The differences are as follows (in thousands):

Total equity in investment trust funds	$2,706,908
Participation of nonstate (nonentity) funds	102,273
Unrealized appreciation on investments held	174,935
Undistributed earnings	153,161
Net funds held in trust	$3,137,277

6. FIXED ASSETS

A summary of changes in general fixed assets follows (in thousands):

	Balances, July 1, 1984	Additions	Deductions/ Net Transfers	Balances, June 30, 1985
Land	$ 158,589	$ 6,145	$ 1	$ 164,733
Buildings	690,759	612	(3,663)	695,034
Equipment	224,243	42,710	5,757	261,196
Construction in Progress	10,849	44,346	3,663	51,532
Total	$ 1,084,440	$ 93,813	$ 5,758	$1,172,495

Net transfers of $3,663,000 in building costs represent construction in progress completed in fiscal year 1985 and therefore transferred to buildings. Tax forfeited land is not included in land inventory because the state does not take permanent title; when the land is sold, proceeds are distributed to local jurisdictions.

The cost of general fixed assets purchased with resources provided by outstanding capital lease agreements at June 30, 1985 consisted of equipment in the amount of $4,397,711.

In addition to the capital outlay expenditures of $93,813,000 for fixed assets incurred during 1985 and included in the general fixed assets account group, expenditures totaling $310,909,000 were made from governmental funds for infrastructure fixed assets.

Scheduled below are the authorizations and commitments (in thousands) of the largest construction in progress projects as of June 30, 1985. Unexpended commitments are reserved in the fund balances for either encumbrances or long-term commitments.

Project	Authorization (Year Chapter)	Project Authorization	Expended Through June 30, 1985	Unexpended Commitment June 30, 1985	Available Authorization
State Office Building	(1983 - 344)	$19,000	$18,480	$ 184	$ 336
Correctional Facility-Shakopee	(1983 - 344)	15,000	5,375	7,207	2,418
Iron Range Interpretive Center	Mn.Stat. 298.22	9,453	4,704	2,834	1,915
Minneapolis Community College Phase IV	(1984 - 597)	8,600	1,423	4,430	2,747
Giants Ridge Ski Resort	Mn.Stat. 298.22	6,584	5,395	443	746
Winona State University Somsen Hall	(1984 - 597)	6,383	54	341	5,988
Mankato State University Classroom	(1984 - 597)	5,400	46	292	5,062
St. Cloud State University Gray Campus School	(1984 - 597)	3,500	135	3,101	264
Department of Transportation Central Shop	(1983 - 344)	3,227	2,346	836	45
Anoka-Ramsey Community College Library	(1984 - 597)	3,192	109	2,867	216
Brainard Service Center	(1984 - 597)	2,831	187	2,556	88
Vermilion Community College	(1984 - 597)	2,170	81	2,015	74

Proprietary and fiduciary fund type fixed assets consisted of the following as of June 30, 1985 (in thousands):

	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Combined Totals
Land	$ 40	$ -	$15,452	$ 15,492
Land Improvements	26	52	-	78
Buildings	76,525	-	-	76,525
Building Improvements	9,069	359	-	9,428
Equipment	19,565	31,870	1,700	53,135
Total	$105,225	$ 32,281	$17,152	$154,658
Less Accumulated Depreciation	50,747	14,580	845	66,172
Net Total	$ 54,478	$ 17,701	$16,307	$ 88,486

Proprietary and fiduciary fund type fixed assets include equipment totaling $11,734,258 in the internal service funds purchased under capital lease agreements. Accumulated amortization for the internal service fund capital lease fixed assets was $2,772,278 and the fiscal year 1985 amortization was $1,007,138.

Land in the Permanent School Fund (a nonexpendable trust fund) totaling 2,516,950 acres was donated by the federal government and is valued at an estimated fair market value at the time of donation.

A major portion of the fixed assets of the Zoo Monorail Ride (reported in the Enterprise Activities Fund) may be subject to repossession by creditors as a result of default on the installment purchase contract (see Note 27).

7. RESTRICTED ASSETS AND LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Mandatory asset segregations within funds are presented in various enterprise funds as restricted assets. Restricted assets are composed of cash, investments, accrued investment income, and loans receivable. Such segregations are required by bond covenants and other external restrictions. Current liabilities to be paid from these assets are classified as payable from restricted assets. Additional current related liabilities will be paid from unrestricted current assets. The excess of restricted assets over liabilities payable from restricted assets will be used first for long-term bonds payable. The remainder, if any, is a reservation of retained earnings or fund balances in accordance with debt requirements. Detail of these restricted assets and related liabilities follows.

Restricted Assets and Related Liabilities

Restricted Assets:	
Cash	$ 2,762,917
Investments	384,520,451
Accrued Investment Income	243,199
Loans Receivable	131,156
Total Restricted Assets	$387,657,723
Liabilities Payable from Restricted Assets:	
Current:	
Accounts Payable	$ 1,358,535
Revenue Bonds Payable	65,710,000
Revenue Bonds Interest Payable	62,566,036
General Obligation Bonds Payable	555,000
General Obligation Bonds Interest Payable	253,880
Other	221,060
Total Current Liabilities	$130,664,511
Noncurrent:	
Revenue Bonds Payable	$157,372,101
Total Liabilities Payable from Restricted Assets	$288,036,612
Restricted Fund Equities:	
Reserved per Debt Requirement	$ 99,621,111
Total Liabilities Payable from Restricted Assets and Reserved Fund Equities	$387,657,723

8. DEFERRED COSTS

The composition of the deferred costs is scheduled below (in thousands):

	Enterprise Fund Housing Finance Agency Programs	Other	Total
Bond Issuance (Net)	$ 29,494	$ 1,275	$ 30,769
Debt Extinguishment (Net)	1,958	-	1,958
Prepaid Expenses	1,730	4,484	6,214
Total	$ 33,182	$ 5,759	$ 38,941

9. GENERAL LONG-TERM OBLIGATIONS

A summary of general long-term obligations at June 30, 1985 and the changes during fiscal year 1985 is as follows (in thousands):

	July 1, 1984 Balances	Increases	Decreases	June 30, 1985 Balances
Liabilities For:				
General Obligation Bonds	$1,057,945	$266,500	$194,290	$1,130,155
Loans	3,836	-	394	3,442
Capital Leases	3,929	623	2,252	2,300
Claims and Judgments	39,557	33,433	30,520	42,470
Grants and Subsidies	180,557	184,712	180,557	184,712
Compensated Absences	75,215	4,877	-	80,092
Pension Liabilities	-	15,466	-	15,466
Totals	$1,361,039	$505,611	$408,013	$1,458,637

The resources to repay the various general long-term obligations have been or will be provided from the fund types as scheduled below (in thousands).

	General Fund	Special Revenue Funds	Total
Obligations For:			
General Obligation Bonds	$ 992,479	$137,676	$1,130,155
Loans	-	3,442	3,442
Capital Leases	1,926	374	2,300
Claims and Judgments	42,283	187	42,470
Grants and Subsidies	184,712	-	184,712
Compensated Absences	45,416	34,676	80,092
Pension Liabilities	15,466	-	15,466
Totals	$1,282,282	$176,355	$1,458,637

Principal and interest payment schedules are provided below (in thousands) for General Obligation Bonds, Loans and Capital Leases. The liability for Grants and Subsidies will be liquidated in October, 1985, or shortly thereafter. There are no set payment schedules for Claims and Judgments, Compensated Absences, or Pension Liabilities.

Fiscal Year(s)	General Obligation Bonds	Loans	Capital Leases	Totals
1986	$ 160,803	$ 394	$1,057	$ 162,254
1987	157,676	394	680	158,750
1988	152,662	394	615	153,671
1989	141,594	394	318	142,306
1990	135,362	394	63	135,819
1991 - 1995	540,981	1,472	-	542,453
1996 - 2000	380,830	-	-	380,830
2001 - 2005	139,665	-	-	139,665
Total Payments	$1,809,573	$3,442	$2,733	$1,815,748
Interest	679,418	-	433	679,851
Total Principal	$1,130,155	$3,442	$2,300	$1,135,897

Minnesota Statutes, Section 16A.65 provides for an annual appropriation for transfer to the Debt Service Fund. The amount of the appropriation is to be such that, when combined with the balance on hand in the Debt Service Fund on November 1 of each year for state bonds issued by January 1, 1985 and on December 1 of each year for state bonds issued after January 1, 1985, it will be sufficient to pay all general obligation bond principal and interest due and to become due through July 1 in the second ensuing year. If the amount appropriated is insufficient, when combined with the balance on hand in the Debt Service Fund, the State Constitution requires the State Auditor to levy a statewide property tax to cover the deficiency. No such property tax has been levied since 1969 when the law was enacted requiring the appropriation.

In fiscal year 1985 the Department of Finance made the necessary transfers to the Debt Service Fund as follows:

General Fund	$147,364,848
Special Revenue Funds:	
Game and Fish Fund	81,851
Trunk Highway Fund	22,504,140
Federal Fund	186,928
Maximum Effort School Loan Fund	1,370,765
Miscellaneous Special Revenue Fund	203,200
Capital Project Fund (Building Fund)	16,719,324
Total Operating Transfers to Debt Service Fund	$188,431,056

The amount shown in the Debt Service Fund as reserved per debt requirements differs from that shown in the General Long-Term Obligation Account Group as Amount Available in Debt Service Fund because the Debt Service Fund amount includes both principal and interest on general obligation bonds while the General Long-Term Obligation Account Group includes only the amount for bond principal.

Two issues of general obligation bonds are recorded as liabilities of an enterprise fund, the State University Board Revenue Bond Fund, because the earnings of the fund are pledged for repayment of bonds. This fund makes debt service transfers fulfilling the legal requirements for general obligation debt service. Debt service transfers and the earnings on them are reported as restricted assets (See Note 7) in the enterprise fund and as funds held in trust in the Debt Service Fund. The General Fund remains secondarily liable for these bonds.

During fiscal year 1985, $150,000,000 in general obligation bonds were sold and $84,890,000 in general obligation bond principal was repaid. In addition, the state sold $116,500,000 General Obligation Refunding Bonds for the purpose of refunding $109,400,000 General Obligation Bonds in advance of maturity. The proceeds of the refunding issues have been placed in special escrow accounts and invested in government securities. These investments have been certified to be sufficient to pay all principal and interest on the bonds when due. Accordingly, the original refunded bonds have been eliminated and the new advance refunding bonds added to the General Long-Term Obligation Account Group. The state remains contingently liable to pay the refunded bonds. The balance outstanding of the extinguished debt at June 30, 1985 was $109,400,000.

A schedule of general obligation bonds authorized, issued and unissued is provided as follows (in thousands):

Purpose	Amount Authorized	Amount Issued	Unissued
State Building	$467,280	$156,578	$310,702
State Transportation	70,035	47,500	22,535
Waste Management	26,400	5,800	20,600
Water Pollution Control	156,000	122,100	33,900
Maximum Effort School Loan	20,000	13,775	6,225
Municipal Aid	4,330	-	4,330
Totals	$744,045	$345,753	$398,292

Leases

Capital leases payable are for those leases meeting the criteria in NCGA Statement 5, Accounting and Financial Reporting Principles for Lease Agreements of State and Local Governments. While the state has entered into numerous operating lease agreements, annual payments for operating leases for governmental funds are not significant.

Claims and Judgments Payable

Claims and Judgments Payable consist primarily of taconite occupation taxes overpaid from 1971 through 1982 by several mining companies. The refunds owed to the companies are estimated to be $27,996,195 at June 30, 1985, including interest on the unpaid balance. The refunds plus interest thereon are currently being repaid through credits to sales, occupation and railroad gross earnings taxes owed by the mining companies involved and cash refunds. During fiscal year 1985 interest at 6% on the amounts owed increased this obligation by $1,575,174. Audits of mining company records disclosed an additional $16,948,670 in refund liabilities. Credits to sales, railroad gross earnings and occupation taxes totaling $26,504,403 and cash refunds of $3,579,791 decreased the liability during 1985.

In addition, a court settlement with a mining company resulted in liabilities for overpayment of mining production taxes of $14,285,523 to be paid in equal amounts over the next four years.

Grants and Subsidies Payable

Various grant and subsidy payments are based on data for one fiscal year but are paid from resources of the subsequent year. Where the payment is based on services or actions completed by the recipient as of June 30, 1985 we have determined that a long-term liability exists. Liabilities totaling $184,711,878 for such grants and subsidies are recognized at June 30, 1985. This amount includes $177,055,336 in final payments for school aids for fiscal year 1985, which is payable in October, 1985. The remainder is for tuition reciprocity owed to surrounding states for the school year ended June 30, 1985 and for reimbursements to counties for property taxes lost as the state took over certain previously taxable property.

Compensated Absences

The liability for compensated absences for governmental funds totaling $80,092,136 is primarily for vacation leave and vested sick leave, payable as severance pay under specific conditions and paid only at the time of termination from state employment. This obligation will be liquidated using future resources at unknown times.

Pension Liabilities

The pension liabilities of $15,466,000 represent the fiscal year 1985 funding deficit for the pension trust funds calculated according to the Accounting Principles Board Opinion 8 (see Note 20).

10. LEASE AGREEMENTS

Capital Leases:

Computer Services (an internal service fund) has entered into the following lease agreements:

Fiscal Year	Terms	Description
1982	36 months	Disk Drive Equipment
1982	48 months	Central Processor
1983	60 months	Network Performance Monitoring Equipment
1984	51 months	Additional Network Performance Monitoring Equipment
1985	48 months	Central Processors

In this fund $9,237,326 of equipment has been purchased by capital leases.

Central Motor Pool (an internal service fund) and Commuter Van (part of the Enterprise Activities Fund) have entered into several leases for cars, vans, and trucks during fiscal year 1985. Equipment purchased by capital leases amounts to $2,496,932 in the Central Motor Pool Fund and $21,994 in the Commuter Van activity.

The equipment purchased by capital leases and included with the general fixed assets consisted of numerous small items. The terms of each agreement provide options to purchase the equipment at any time during the lease period. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards #13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risk of ownership to the lessee.

Operating Leases:

Computer Services (an internal service fund) has entered into several operating leases, part of which are cancellable and the remainder noncancellable. The total of the minimum rental payments for fiscal year 1986 is $1,493,935.

The following is a schedule of the future minimum lease payments for the capitalized leases and noncancellable operating leases together with the total present value of the net minimum lease payments as of June 30, 1985 for proprietary funds:

	Capitalized Leases			Operating Leases
	Internal Service Funds		Enterprise Fund	Internal Service Funds
Fiscal Year(s)	Computer Services	Central Motor Pool	Commuter Van	Computer Services
1986	$2,601,144	$ 864,901	$ 6,014	$1,155,855
1987	2,276,208	866,032	6,562	1,155,855
1988	2,258,962	679,950	6,562	299,430
1989	1,597,685	183,204	6,562	-
1990	-	1,131	546	-
Total Payments	$8,734,000	$2,595,218	$26,246	$2,611,140
Interest	(2,381,934)	(339,598)	(4,252)	-
Present Value of Minimum Lease Payment	$6,352,065	$2,255,620	$21,994	$2,611,140

11. ECONOMIC DEVELOPMENT REVENUE BONDS OF THE IRRRB

The Iron Range Resource and Rehabilitation Board (IRRRB) is authorized by Minnesota statutes to issue bonds and other obligations to finance projects or programs within certain tax relief areas. As of June 30, 1985, IRRRB had issued Economic Development Revenue Bonds totaling $5,155,000. They are payable solely from revenues of the respective enterprises and do not constitute an indebtedness of IRRRB, are not general obligations of the State of Minnesota and are not payable from any taxing source. The liability for these bonds is not included in this report.

12. LONG-TERM OBLIGATIONS - ENTERPRISE AND FIDUCIARY FUNDS

Federal Loans

The Unemployment Compensation Fund (an expendable trust fund) receives loans under the provisions of the Federal Unemployment Tax Act. As of June 30, 1985 the outstanding balance of loans was $146,736,461, including $7,839,972 of interest accrued at a rate of 10 percent per annum.

Installment Purchase Contract

The Zoo Monorail Ride, a part of the Enterprise Activities Fund, is in arrears on its scheduled installment contract payments since April, 1980. In May, 1980, the investors/assignees of the installment contract exercised their right to declare the entire principal of the contract due and payable and charge interest of 8% per annum on unpaid principal. At June 30, 1985 the Zoo Monorail Ride owed $2,682,833 of interest and $8,413,000 of principal on the installment purchase contract.

Revenue Bonds

The agencies listed below have the authority to issue, and have issued, bonds which are not general obligations of the state but are payable solely from rentals, revenues and other income, charges and monies as were pledged for repayment. Premiums and discounts on revenue bonds are amortized using the interest method over the life of the bonds to which they relate.

The Minnesota Housing Finance Agency (MHFA) is authorized by Minnesota Statutes Sections 462A.08-.14 to issue its bonds and notes in amounts such that the principal amount outstanding at any time does not exceed:

- $225,000,000 issued for the purpose of providing funds for rehabilitation loans, or refunding bonds or notes issued for this purpose; plus,

- $1,325,000,000 issued for other purposes specified in Section 462A.08 which include: (i) participating in the making of construction loans and eligible mortgage loans to sponsors of residential housing for families of low and moderate income, and (ii) purchasing eligible securities, the proceeds of which will be used for residential housing for families of low and moderate income.

The Minnesota Higher Education Facilities Authority (MHEFA) is authorized by Minnesota Statutes Sections 136A.32-.34 to issue revenue bonds to finance the acquisition, construction and remodeling of college buildings and structures to be used for private nonsectarian educational purposes, and to refinance facilities of this type. The amount of such bonds outstanding at any time may not exceed $150,000,000. Each issue is payable solely from and secured by a first lien on the revenues of the project financed, reserve funds and the guarantee of the institution for which the project is financed.

The Minnesota State University Board (MSUB) is authorized by Minnesota Statutes Section 136.41 to issue revenue bonds in the principal amount of $52,800,000 to finance the acquisition, construction and remodeling of college buildings for residence hall, student union and food service purposes. All of such bonds have been issued and are payable solely from and secured by an irrevocable pledge of revenues to be derived from the operation of the buildings financed and from student fees.

The Minnesota Higher Education Coordinating Board (MHECB) is authorized by Minnesota Statutes Sections 136A.171-.175 to issue revenue bonds and notes to finance guaranteed loans for students attending eligible post-secondary educational institutions. The amount of such bonds outstanding at any one time, not including refunded bonds or otherwise defeased or discharged bonds, may not exceed $550,000,000.

The Minnesota Energy and Economic Development Authority (MEEDA) is authorized by Minnesota Statutes Sections 116M.07-.08,.12 to issue revenue bonds and notes for various energy and economic development purposes. The amount of such bonds outstanding at any one time may not exceed $80,000,000, except on Energy Development Bonds which have no limit.

In addition, general obligation bonds have been issued for the Minnesota State University Board Revenue Bond Fund (an enterprise fund). The liability for these bonds is recorded within the fund. The earnings of the fund are pledged for repayment of the general obligation bonds and any revenue bonds sold for the same purpose. At June 30, 1985 the total of general obligation bonds outstanding was $14,154,311.

Principal and interest repayment schedules for enterprise fund bonds outstanding are as provided below (in thousands):

Fiscal Year(s) Ending	Revenue Bonds					General Obligation Bonds
	MHFA	MHEFA	MHECB	MEEDA	MSUB	MSUB
1986	$ 171,071	$ 15,410	$ 44,125	$ 655	$ 2,381	$ 1,308
1987	185,227	20,821	42,390	651	2,359	1,303
1988	187,595	10,768	42,428	840	2,335	1,291
1989	183,312	11,142	188,614	841	2,311	1,278
1990	177,286	10,680	32,211	846	2,295	3,609
1991 - 1995	805,028	37,768	58,445	4,220	11,239	9,727
1996 - 2000	624,574	22,381	18,000	3,740	12,166	-
2001 - 2005	479,028	12,530	61,500	2,623	9,229	-
2006 - 2010	418,037	10,106	-	779	1,298	-
2011 - 2015	313,239	347	-	-	-	-
2016 - 2020	149,405	-	-		-	-
2021 - 2025	12,112	-	-		-	-
	$3,705,914	$151,953	$487,713	$15,195	$45,613	$18,516
Unamortized (Discount) Premium	-	(1,258)	(1,494)	-	(180)	4
Interest	(2,116,538)	(57,433)	(131,308)	(8,725)	(15,546)	(4,366)
Bond Principal	$1,589,376	$ 93,262	$354,911	$ 6,470	$29,887	$14,154

13. LONG-TERM COMMITMENTS

Long-term commitments consisted of grant agreements, construction and other contracts. The following amounts were outstanding as of June 30, 1985:

Capital Projects Funds:	
General Project Fund	$ 8,630,010
Transportation Fund	8,520,882
Building Fund	119,956,487
	$137,107,379
Special Revenue Funds:	
Trunk Highway Fund	$362,164,516
Miscellaneous Special Revenue Fund	576,419
	$362,740,935
Total	$499,848,314

These commitments will be partially funded by current reserves for long-term commitments with the remaining resources provided by future bond proceeds, mining tax revenues and federal grants.

14. CONTINGENT LIABILITIES - LITIGATION

Payment of tort claims against the State is made from funds appropriated by the Minnesota Legislature for that purpose. For the fiscal year ended June 30, 1984, the appropriation was $1,075,000 and payments were $762,898. The appropriation for the fiscal year ended June 30, 1985 was $1,075,000 and payments were $692,547. The appropriation for the fiscal year ending June 30, 1986 is $1,068,200. The maximum limits of liability for tort claims are $200,000 for any individual claim and $600,000 for any number of claims arising out of a single occurrence.

The State, its officers and employees, are defendants in numerous lawsuits. The following cases have been noted because an adverse decision could result in expenditures of State moneys in excess of current levels.

Johnson Bros. Wholesale Liquor Co., et al. v. State of Minnesota (Minnesota Tax Court). Plaintiffs assert that the Minnesota excise tax on non-Minnesota wine is unconstitutional because it is higher than the tax on Minnesota wine. Plaintiffs claim the appropriate remedy is a partial refund of the excise tax paid on non-Minnesota wine. The estimated revenue impact of an adverse decision in this and similar cases is $10 million (through Dec. 1983). Any liability arising out of a decision against the State may impact the general fund.

Tax refund actions based on Memphis Bank v. Garner, 3103 Sup. Ct. 692 (1983) have been filed by most Minnesota banks in district courts throughout the state. In Memphis Bank, the court held unconstitutional a Tennessee tax law which included interest on federal obligations in the computation of net income, which is the measure of the tax, but exempted interest on all obligations of state and political subdivisions. These plaintiff taxpayers contend that the Minnesota bank excise tax is likewise unconstitutional because Minnesota excludes interest on certain obligations of the State and its political subdivisions from the computation of the tax while including interest on federal obligations. The taxes in suit are estimated to be in excess of $40 million. No trial dates have yet been set. Any liability arising out of a decision against the State may impact the general fund.

Inland Steel Mining v. Commissioner of Revenue and U.S. Steel v. Commissioner of Revenue (Minnesota Tax Court). Plaintiffs allege that the combined occupation royalty and excise taxes paid on taconite mining exceeds statutory and consitutional limits. The taxes in suit combined with additional claims for refund which have been filed but which are not yet in suit have been estimated at approximately $35 million. Any liability arising out of a decision against the State may impact the general fund.

Dunlop et al. v. State of Minnesota (United States District Court, District of Minnesota; Ramsey County District Court). Plaintiffs have filed class action suits in both federal and state court alleging that the State improperly withheld social security taxes on sick leave payments from 1955 to 1982.

The federal lawsuit is currently in the early discovery stages, while the state court action has been stayed pending the outcome of the federal suit. No trial date has been set. Should the plaintiffs prevail, the state general fund would be liable for the amount of taxes improperly withheld, an amount which could exceed $5 million.

At any one time, there are hundreds of Department of Transportation eminent domain actions being litigated in district courts throughout the State. There is a continuous flow of such cases, with the actual number depending on many factors such as the number of parcels of land that can be acquired by direct purchase, the construction needs of the Department and revenues available for highway projects. In the aggregate, the potential cost to the State for property which has been or will be acquired exceeds $5 million. Liability arising out of decisions unfavorable to the State may impact the trunk highway fund.

No opinion is expressed concerning the possible outcome of the above cases. Additionally, the State's policy is to address the specific impact of judgments against the State after a final judicial decision is rendered.

15. CONTINGENT LIABILITIES - OTHER

Municipal Debt Service

Under Minnesota Statutes Section 475A.03, Municipal Debt Service Aid Law, the state is contingently liable as guarantor for outstanding bond principal and scheduled interest payments, which on June 30, 1985 totaled $7,109,064. Statutory provisions allow defaults to first be charged to funds deposited in the Miscellaneous Agency Fund, a fiduciary fund, until depleted, then to the General Fund with subsequent reimbursement to be made from the proceeds of general obligation bonds to be sold.

Family Farm Security Loans

Under Minnesota Statutes Section 41.56 of the Family Farm Security Loan Program the state is contingently liable for 90% of the balance of the outstanding loans. As of June 30, 1985 the total initial loan amount of the currently outstanding loans was $70,385,206. All loans are secured by mortgages on real property. In the event of default, proceeds from the sale of foreclosed property are first applied to the unpaid balance, any remaining debt is then charged to a dedicated portion of the Miscellaneous Special Revenue Fund (a special revenue fund). Of the loans guaranteed, to date there have been 21 foreclosures of which seven properties have been sold at a cumulative loss of $364,266. An additional ten loans are presently in default.

Pension Trust Funds

In addition to the pension trust funds included in the reporting entity (see Note 20), there are several other public employee pension funds for whose unfunded liability the state may be contingently liable. Those funds can be divided into two groups: those pension trust funds for public employees where the state currently assumes the employers share of retirement contributions, and those pension trust funds where the state is funding a portion of the unfunded liability. The pension trust funds involved, the year end for which the most current data is available and the unfunded liabilities are provided below (in thousands):

Funds for Which State Pays Employers Contribution:		
Minneapolis Teachers Retirement Fund	6-30-85	$239,786
St. Paul Teachers Retirement Fund	6-30-85	133,117
Duluth Teachers Retirement Fund	6-30-85	15,397
Funds for Which State Assumes a Portion of the Unfunded Liability:		
Minneapolis Employees Retirement Fund	6-30-84	$296,452
Local Police and Fire Funds	12-31-84	628,604

Pension trust funds for which the state has custodial responsibility, but for which the state is not contingently liable, include the Public Employees Retirement Fund and the Police and Fire Fund. The unfunded liabilities and net assets available at June 30 for funding of these pension funds are provided in Note 20.

All of the above unfunded liabilities were computed using the entry age normal cost (level normal cost) method, and assuming an 8 percent interest rate and a 6.5 percent annual salary growth rate except for the Minneapolis Employees Retirement Fund and the Local Police and Fire Funds, which assumed a 5 percent interest rate and a 3.5 percent annual salary growth rate. For previous years the same method was used, the percentages assumed were 5 and 3.5 respectively, for all funds. Additional annual contributions are provided to reduce the current unfunded liabilities. It has been the intent of the legislature, in establishing contribution rates, to provide sufficient resources to retire, or fully fund, the above liabilities by June 30, 2009.

16. CONTRIBUTED CAPITAL

Contributed capital of the enterprise and internal service funds consists of resources provided from the following sources:

Source	Enterprise Funds	Internal Service Funds	Total
General Fund	$11,648,447	$4,590,563	$16,239,010
Federal Grants	29,154,676	-	29,154,676
Other	134,564	-	134,564
Total	$40,937,687	$4,590,563	$45,528,250

17. DEFICIT UNRESERVED RETAINED EARNINGS BALANCES

The following funds have deficit retained earnings balances at June 30, 1985:

Enterprise Fund:	
Enterprise Activities Fund	$6,278,471
Internal Service Fund:	
State Printer Fund	$ 56,347

The Enterprise Activities Fund, a combination of several small component activities, is reporting a deficit primarily because of one component, the Zoo Monorail Ride, which reported a deficit of $5,825,724. This deficit will be eliminated when the terms of the debt for the Ride equipment have been satisfied (see Notes 6 and 27). The remainder of this deficit will be eliminated in future years through increased fees charged.

The deficit reported by the State Printer Fund will be eliminated by increased charges for services in future years.

18. FUND BALANCES AND RETAINED EARNINGS

Reserved Fund Balances - The reserved portion of the fund balances indicates that a portion of the fund balance is not available for appropriation or is legally segregated for a specific future use.

The General Fund reserve for revenue shortfalls is an amount appropriated by the legislature for use when it appears that probable receipts will be less than anticipated and that the amount available for the remainder of the biennium will be less than needed. In this circumstance, state law requires that the Commissioner of Finance, with the approval of the Governor and after consulting with legislative leadership, transfer amounts necessary from the reserve to the unreserved fund balance.

Reserved for Local Governments is the equity amount in three expendable trust funds required by the State Constitution to be paid to local governments. The funds are the Municipal State-Aid Street, County State-Aid Highway and Endowment School Funds. The payments to these local governments are for street and highway projects (to municipalities and counties) and to subsidize education in the local school districts.

Reserved for Other consists of two components:

- A $50 million General Fund reserve for school aids appropriated by the legislature to be used for increases in school aids in fiscal year 1986. Prior to expending this reserve, legislative appropriation of it for school aids was necessary. This reserve was eliminated July 1, 1985; the fiscal year 1986 appropriation for school aids included the $50 million previously reserved.

- A $5 million reserve in the Northeast Minnesota Economic Protection Fund (an expendable trust fund) serves as a backup guarantee for Economic Development Revenue Bonds. These bonds are not a liability of the state. (See also Note 11.)

Unreserved Fund Balances - The unreserved portion of the fund balances consists of designated fund balances indicating tentative managerial plans for future use of resources and undesignated fund balances indicating those unreserved financial resources not dedicated in any manner.

Designated for Fund Purposes consists of fund balances to be used for the following purposes.

Special Revenue Funds	
Transportation & Aeronautics	$ 59,912,148
Education	4,353,959
Workers Compensation (see Note 19)	(52,166,155)
Environment & Economic Development	18,359,322
Natural Resources and Miscellaneous	56,310,009
Total Special Revenue Funds	$ 86,769,283
Expendable Trust Funds	
Unemployment Compensation (see Note 19)	$(132,767,666)
Economic Protection and Rehabilitation	46,961,800
Miscellaneous	6,507,339
Total Expendable Trust Funds	$ (79,298,527)

Retained Earnings Reservation - Retained Earnings Reserved per State Law are the amounts in the Minnesota Housing Finance Agency Funds (enterprise funds) that are as yet unused portions of state appropriations transferred to these funds for specific programs. These programs are primarily for interest rate reductions for housing mortgages and home improvements.

19. DEFICIT UNRESERVED FUND BALANCES

General Fund

Minnesota law requires a balanced biennial budget. This requirement was met for the biennium ending June 30, 1985 with a General Fund undesignated fund balance of $57.5 million, calculated on the budgetary basis of accounting. The undesignated fund balance for the General Fund, on a GAAP basis, was a deficit of $34.9 million. See Note 25 for a reconciliation of these two balances. The deficit on the GAAP basis will be funded from fiscal year 1986 resources.

Highway Users Tax Distribution Fund

The unreserved fund deficit, $777,301 at June 30, 1985, of this special revenue fund was the result of accounting basis differences. Various interfund liabilities are accrued for reporting purposes, but actual transfers are made on the basis of cash available.

Special Workers Compensation Fund

This special revenue fund provides supplementary workers compensation benefits to workers whose injury or disability meets certain requirements. For the most part, payments from this fund are reimbursements to insurance companies for payments to eligible injured workers. Funding for these reimbursements comes from an assessment on insurers and self-insurers. The unreserved fund deficit, $52,166,156 at June 30, 1985, will eventually be eliminated through increases in the assessment rate.

Unemployment Compensation Fund (Expendable Trust Fund)

As a result of declines in economic activity during fiscal years 1981-1983, the unemployment taxes collected were insufficient to fully fund the payments for unemployment benefits, causing a deficit fund balance. As of June 30, 1985, the unreserved fund deficit was $132,767,666. During fiscal years 1984 and 1985 the deficit was reduced by 27% and 53% respectively. If the economy remains stable, taxes should continue to exceed benefits paid and eventually eliminating the deficit.

20. PENSION TRUST FUNDS

The State of Minnesota performs a fiduciary role for several pension trust funds. These funds are reported in accordance with the National Council on Governmental Accounting's Statement 1, as recognized by GASB Statement 1, and are categorized as either defined benefit, defined contribution, or investment trust funds.

Defined Benefit Funds

The defined benefit funds included in the financial statements include various statewide public employee groups. The funds and employee groups covered are as follows:

- The Public Employees Retirement Fund (PERF) covers employees of various governmental subdivisions including counties, cities, towns, school districts, and certain related organizations. The state is not responsible for the unfunded accrued liability of this fund, but performs only in a fiduciary capacity.

- The Police and Fire Fund (P&FF) covers persons employed as police officers and firefighters by local governmental subdivisions. The state is not responsible for the unfunded accrued liability of this fund, but performs only in a fiduciary capacity.

- The Teacher's Retirement Fund (TRF) covers persons employed as teachers by the school districts or by the state, including the state universities and community colleges. Also included are supervisors, academic administrators, and librarians employed by the same organizations.

- The State Employees Retirement Fund (SERF) covers those employees of the state, University of Minnesota, and certain other entities not covered by other pension funds.

- The State Patrol Retirement Fund (SPRF) covers state patrol officers, crime bureau officers, and various conservation officers who perform enforcement duties.

- The Judicial Retirement Fund (JRF) covers judges of the Supreme Court, district courts, county courts, probate courts, and various court referees.

- The Elective State Officers Retirement Fund (ESORF) covers the state's constitutional officers.

- The Legislative Retirement Fund (LRF) covers members of the state's House of Representatives and Senate.

Except for the Judicial Retirement Fund, Elective State Officers Retirement Fund, and the Legislative Retirement Fund, all of the preceding defined benefit funds are funded using level contribution rates intended to be sufficient to fully fund the accrued actuarial liabilities by the year 2009.

Actuarial valuations are prepared by an independent actuary hired by the Legislature, at the end of each fiscal year, to determine whether adjustments in contribution rates are necessary. The valuations shown in the schedule which follows were prepared as of July 1, 1985. There were no significant changes in benefits or actuarial assumptions between June 30 and July 1.

The Judicial Retirement Fund and the Legislative Retirement Fund are terminally funded. At the time of retirement, members' contributions are supplemented by employer contributions, from the General Fund, in an amount sufficient to provide the necessary resources for future annuity payments. The Elective State Officers Fund operates on a pay-as-you-go basis. If the fund's resources are fully depleted, employer contributions, in an amount sufficient to pay current obligations, will be made from the General Fund. Additional information regarding participation, funding, and unfunded liabilities, for all of the preceding funds are as follows (dollars in thousands):

	PERF	P&FF	TRF	SERF	SPRF	JRF	ESORF	LRF
Participation:								
Active employees covered	86,312	4,928	58,533	45,590	764	240	6	201
Total number of participants	109,960	6,189	74,526	58,226	1,192	386	20	461
Annual payroll of active members	$1,295,674	$128,518	$1,310,651	$1,010,726	$24,268	$15,016	$359	$4,416
Contributions:								
Employee contribution rates:								
Basic (not covered by Social Security)	8.00%	8.00%	8.50%	N/A	N/A	7.55%	N/A	N/A
Coordinated	4.00%	N/A	4.50%	3.73%	8.50%	4.18%	9.00%	9.00%
Employer contribution rates:								
Basic (not covered by Social Security)	10.50%	12.00%	12.98%	N/A	N/A	N/A	N/A	N/A
Coordinated	4.25%	N/A	8.98%	3.90%	18.90%	N/A	N/A	N/A
Employee contributions	$ 60,564	$ 10,530	$ 64,225	$ 35,220	$ 1,964	$ 501	$ 29	$ 357
Employer contributions	$ 68,375	$ 15,747	$123,505	$ 37,625	$ 4,362	N/A	N/A	N/A
Actuarial Valuations:								
Actuarial present value of credited projected benefits:								
Vested active members	$1,115,002	$198,433	$2,207.497	$ 686,076	$ 68,354	$21,722	$ 362	$ 4,450
Vested inactive members	34,641	4,722	75,301	17,096	1,895	615	215	4,037
Vested retired members	920,095	88,801	1,060,245	424,787	50,670	20,490	916	8,384
Nonvested benefits	240,636	60,400	160,222	157,238	7,955	4,247	102	1,195
Totals	$2,310,374	$352,356	$3,503,265	$1,285,197	$128,874	$47,074	$1,595	$18,066
Net assets available for benefits	$1,812,025	$330,662	$2,542,761	$1,136,958	$ 98,968	$13,679	$ 198	$ 8,398
Unfunded liability	$ 498,349	$ 21,694	$ 960,504	$ 148,239	$ 29,906	$33,395	$1,397	$ 9,668
Ratio of net assets to actuarial present value of credited projected benefits	78.43%	93.84%	72.58%	88.47%	76.79%	29.06%	12.41%	46.49%
1985 contributions	$ 128,939	$ 26,277	$ 187,730	$ 72,845	$ 6,326	$ 501	$ 29	$ 357
1985 APBO #8 Provision for pension costs	107,800	21,745	190,700	81,060	6,298	3,713	134	1,321
Funding surpluses (deficits)	$ 21,139**	$ 4,532**	$ (2,970)*	$ (8,215)*	$ 28	$(3,212*)	$ (105)*	$(964)*
Actuarial Assumptions:								
Rates of annual investment return:								
Pre-retirement	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Post-retirement	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Projected salary increases	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%

* Funding deficits for which the state is liable have been added to the General Long-Term Obligation Account Group.

** State is not liable for any deficits in these funds.

In computing the actuarial present values of credited projected benefits, the Public Employees and Police and Fire Funds assumed mortality rates for their memberships would be statistically equivalent to the "Unisex Pension 1984 Table", set forward one year for males and back four years for females. The other funds assumed the mortality rates of their memberships would follow the "1971 Group Annuity mortality Table" set back eight years for males.

The APBO #8 (Accounting Principles Board Opinion 8) provisions for pension costs, indicated in the preceding schedule, were computed using the entry age normal cost (entry age actuarial cost) method. The unfunded liabilities were computed from actuarial liabilities computed using the credited projected benefits method. They include the actuarial present value of benefits payable to current retirees or their beneficiaries, to vested former employees who are not yet eligible to receive benefits, and to current employees. The liability for current employees is the discounted amount of benefits estimated to be payable in the future as a result of employee service to date, computed by attributing a specified benefit amount (including the effects of projected salary increases) to each year of credited and expected future service.

Defined Contribution Funds

The defined contribution funds included in the financial statements include various statewide public employee retirement funds for which the benefits to be received are limited to an annuity which can be purchased with the combined contributions of both the employee and employer. Accordingly, there is no unfunded liability for these funds; therefore there is no actuarial valuations of accrued benefit liability.

The Unclassified Employee Retirement Fund covers only those state employees who are included either by statute or policy in the "unclassified service" of the state. Participation and funding for the fiscal year ended June 30, 1985 were as follows:

- Total employees covered	1,723
- Annual payroll of covered employees	$37,572,181
- Employee contribution rate	4.00%
- Total employee contributions	$ 1,963,506
- Employer contribution rate	6.00%
- Total employer contributions	$ 2,832,120

The Deferred Compensation Fund covers various public employees who elect to participate, with a maximum contribution limit of 25 percent of gross income up to $7,500 annually. This fund (plan) has been approved under the provisions of Internal Revenue Code section 457 and therefore its resources remain the property of the employer until distributed. Employers do not contribute to this fund, and employee contributions are added when payroll deductions are made. Employee participation and contributions for the fiscal year ended June 30, 1985 were as follows:

- Total employees covered	8,418
- Total employee contributions	$10,808,702

The College Supplemental Retirement Fund covers unclassified teachers, librarians, administrators, and certain other Community College and State University staff members who have been employed full-time for a minimum of two academic years. For qualified employees, participation is mandatory. A contribution rate of five percent is applied to their annual salary between $6,000 and $15,000 and their contributions are matched by the employer. Participation and contributions were as follows:

- Total employees covered	3,987
- Total employee contributions	$1,307,350
- Total employer contributions	$1,307,350

Investment Trust Funds

The investment trust funds are administered by the State Board of Investment, and serve only as an investment medium for various state as well as locally administered retirement funds.

21. PRIOR PERIOD ADJUSTMENTS

The Miscellaneous Special Revenue Fund's (a special revenue fund) prior period adjustment of $4,852,306 resulted from the correction of an overstatement of $1,946,129 for revenue refunds and an understatement of $2,906,177 for loans receivable.

The College and University Enterprise Fund's prior period adjustment of $934,643 resulted from correction of the following: an understatement of $154,086 for fixed assets, an understatement of $255,557 for loans receivable, and an understatement of $525,000 for retained earnings with an offsetting overstatement of contributed capital.

22. ACCOUNTING AND REPORTING CHANGES

Accounting and reporting changes have been made to recognize the changes required by various GASB pronouncements, to conform more closely to generally accepted accounting principles and to improve the clarity of the annual financial report.

Accounting Changes

The Maximum Effort School Loan Fund (a special revenue fund) changed its accounting policy for uncollectible loans to school districts. In previous years, as required in statute, the Maximum Effort School Loan Fund capitalized defaulted interest as loan principal. Loan principal and interest not repaid in thirty years will be forgiven. Beginning with fiscal year 1985, all uncollectable loans expected to be forgiven are written off. For fiscal year 1985 a write off of $21,271,477 consisted of $18,025,261 in original loans and $3,246,216 in defaulted interest capitalized as loans.

The Minnesota Correctional Industries Fund's (an enterprise fund) prior period adjustment of $3,803,940 resulted

from an accounting change to comply with GAAP. Previous financial statements did not consistently report General Fund contributions. Beginning with fiscal year 1985, all contributions are recorded as contributed capital or operating transfers.

The Permanent School Fund's (a nonexpendable trust fund) prior period adjustment of $10,254,204 resulted from an accounting change to comply with GAAP. In previous years, as required in statute, the Permanent School Fund's losses incurred on investment sales were capitalized. These losses were then amortized over the remaining life of investments purchased, for bond losses, or a period of five years, for equity security losses. Beginning with fiscal year 1985, for financial reporting purposes, all losses are recognized when incurred.

Reporting Changes

The Minnesota Energy and Economic Development Authority Fund (MEEDA) whose activity was previously reported as a special revenue fund (a part of the miscellaneous special revenue fund) was reclassified as an enterprise fund. Upon reevaluation of the MEEDA Fund, it was determined that it is more appropriately classified as an enterprise fund.

The Elective State Officers and Legislative Retirement Funds, in previous years, were not reported as pension trust funds. Instead, their assets and a corresponding liability were included in the General Fund, which is responsible for providing the employer contributions for each of these funds. In these statements, both the Elective State Officers and the Legislative Retirement Funds have been properly reported as defined benefit pension trust funds.

The defined benefit pension trust funds' funding deficit was not reported in previous years, instead the entire unfunded pension liability was reported as a contingent liability. Beginning with fiscal year 1985, pension funding deficits were computed and reported in the General Long-Term Obligation Account Group to comply with GAAP (See Notes 9 and 20.)

An inventory of all fixed assets was completed in 1985. As a result, the General Fixed Asset Account Group has been reported for the first time.

23. STATEMENT OF CHANGES IN FINANCIAL POSITION

The Statement of Changes in Financial Position - All Proprietary Fund Types and Similar Trust Funds has been prepared on a basis of cash as the total of cash and investments. For this purpose, investments include short-term marketable securities (cash equivalents), long-term securities and shares held or participation in the net assets of investment trust funds.

Depreciation reported on this statement exceeds that reported on the Statement of Revenues, Expenses and Changes in Retained Earnings for the State Printer (an internal service fund) because a portion of depreciation is included in the cost of goods sold.

The cash and investments of the Enterprise Funds differ from those shown on the balance sheet because they include cash and investments classified as restricted assets (See Note 7).

24. BUDGET VS ACTUAL - VARIANCES

On the Combined Schedule of Budget and Actual Revenues, Expenditures and Changes in Fund Balances - Budgetary Basis, expenditures are sometimes budgeted in one category (e.g. current expenditures) and spent in another (e.g. capital outlay) causing favorable and unfavorable offsetting variances. In no case did expenditures exceed appropriations, as adjusted.

On that same schedule, the unfavorable variance for Other Operating Transfers Out was caused mainly by the Highway Users Tax Distribution Fund, a special revenue fund. For this fund, actual transfers out exceeded budgeted transfers out by $25,681,000. This unfavorable variance resulted primarily from the favorable revenue variance, $11,114,000, for revenues which were not budgeted to be transferred out but legally were, and an increase of $12,544,000 to budgeted revenues which also were not budgeted to be transferred out but legally were.

25. BUDGETARY BASIS VS GAAP

Actual revenues, transfers-in, expenditures, encumbrances and transfers-out on the budgetary basis do not equal those on the GAAP basis in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances. This inequality results primarily from differences in the recognition of accruals, reimbursements, deferred revenue, intrafund transactions, loan transactions and from the budgetary basis of accounting for encumbrances. On the budgetary basis encumbrances are recognized as expenditures in the year encumbered while on the modified accrual basis expenditures are recognized when goods or services are received, regardless of the year encumbered. A reconciliation of the fund balances under the two bases for legally budgeted funds, and a schedule of designated for fund purposes balances for all special revenue funds follows:

Reconciliation of GAAP Basis Fund Balances to Budgetary Basis Fund Balances
June 30, 1985
(In Thousands)

		Budgeted Special Revenue Funds				
	General	State Airports	Game and Fish	Trunk Highway	Highway User Tax Distribution	Totals
Total GAAP Fund Balances	$522,114	$9,838	$ 8,435	$197,342	$ 270	$215,885
Less Reserved Fund Balances	498,943	7,842	2,938	135,753	1,047	147,580
Less Designated Fund Balances	58,023	11	200	15,132		15,343
Undesignated/Designated for Fund Purposes	$(34,852)	$1,985	$ 5,297	$ 46,457	$ (777)	$ 52,962
Revenue Accruals/Adjustments						
Federal Aid and Grants			(2,042)	(9,031)		(11,073)
Taxes Receivable	(12,938)				180	180
Human Services Receivable	(9,460)					
Deferred Revenue	21,619			204		204
Other	468	312	(2,147)	(2,778)	2,720	(1,893)
Expenditure Accruals						
Medical Assistance	51,665					
Police & Fire Aid	24,539					
Invalid Encumbrances	(1,840)					
Community Service Grants	11,959					
Deferred Costs	(310)					
Other	7,171	1,802	32	926	797	3,557
Other Sources						
Transfers-In	(556)	(8)		(138)	(1,773)	(1,919)
Transfers-Out		12	68			80
Undesignated Fund Balances - Budgetary Basis	$ 57,465	$4,103	$ 1,208	$ 35,640	$1,147	$ 42,098

All reconciling items are basis of accounting differences.

Listed below are the (GAAP) fund balances (designated for fund purposes) for the budgeted and nonbudgeted special revenue funds (in thousands).

Budgeted Special Revenue Funds:	
State Airports Fund	$ 1,985
Game and Fish Fund	5,297
Trunk Highway Fund	46,457
Highway User Tax Distribution Fund	(777)
	$52,962
Nonbudgeted Special Revenue Funds:	
Federal Fund	$ -
Maximum Effort School Loan Fund	1,983
Special Workers Compensation Fund	(52,166)
Miscellaneous Special Revenue Fund	$83,990
	$33,807
Total Designated for Fund Purposes	$86,769

26. ENTERPRISE FUNDS - SEGMENT INFORMATION

State of Minnesota agencies provide four major services to the public, financed by user charges. These agencies are:

Housing Finance Agency (HFA)
Higher Education Coordinating Board (HECB)
State University Board (SUB)
Higher Education Facilities Authority (HEFA)

In addition services on a smaller scale are provided by colleges and universities, correctional industries and other numerous functions.

Significant financial data, stated in thousands of dollars, for the year ended June 30, 1985 is presented as follows for the enterprise funds.

	HFA	HEFA	SUB	HECB	Other Enterprise Activities	Total
Operating Revenues.....	$ 156,123	$ 8,067	$29,435	$ 45,107	$25,462	$ 264,194
Depreciation and Amortization Expense..	75	1	2,865	655	635	4,231
Operating Income.....	26,580	306	2,888	10,299	-	40,073
NonOperating Revenues (Expenses).....	(5,221)	-	207	7,301	(657)	1,630
Net Operating Transfers In (Out)....	2,751	-	-	-	11,656	14,407
Net Income.....	24,110	306	3,095	17,600	10,999	56,110
Capital Contributions..	-	-	6,495	-	34,442	40,937
Fixed Assets:						
Additions.....	548	1	1,076	6	466	2,097
(Deletions).....	(273)	-	(431)	-	(105)	(809)
Net Working Capital....	445,903	493	15,266	228,956	38,347	728,965
Total Assets.....	2,009,538	97,095	74,830	464,501	91,588	2,737,552
Long-Term Liabilities Payable from:						
Operating Revenues...	10	-	379	60	325	774
Other Sources.....	1,547,636	91,062	42,436	334,191	6,355	2,021,680
Total Equity.....	255,938	1,897	27,683	104,145	71,507	461,170

27. SUBSEQUENT EVENTS

On July 1, 1985, $52,125,000 of general obligation refunding bonds, backed by the full faith and credit and taxing powers of the State of Minnesota, were sold at a true interest cost rate of 7.96 percent. The proceeds of the sale were used to pay the cost of their issuance and to advance refund outstanding bonds in the amount of $47,250,000 issued on August 1, 1981 in the amount of $63,000,000. The original call date on these bonds was August 1, 1991 and the interest rate was 10.01 percent.

On July 30, 1985, $6,300,000 of general obligation state various purpose bonds, backed by the full faith and credit and taxing powers of the State of Minnesota were exchanged for identical bonds issued on August 1, 1981 this exchange resulted in the retirement of all bonds remaining outstanding from that issue.

On September 1, 1985, $31,940,000 of certificates of participation were issued by the State of Minnesota. Pursuant to an Equipment Lease Purchase Agreement with the Ma-Go Leasing Corporation the proceeds of this issue will be used during the 1986-87 biennium to refinance certain equipment presently being leased by the State and to acquire new items of equipment. These certificates of participation are not a general or moral obligation of the State but are payable from lease payments which are dependent upon sufficient legislative appropriations.

On September 1, 1985, the Minnesota Energy and Economic Development Authority (an enterprise fund) issued $2,625,000 in variable rate revenue bonds. The interest rate at the date of the sale was 5.25 percent.

On September 30, 1985, the investors/owners of the zoo monorail train discontinued its operation at the Minnesota Zoo. The Zoo Monorail Ride, a part of the Enterprise Activities Fund, had contracted to operate and purchase this equipment on an installment agreement which was in default. This agreement is not a general obligation of the state. For further information, see Note 6.

On October 1, 1985, $150,000,000 of general obligation various purpose bonds, backed by the full faith and credit taxing powers of the State of Minnesota, were sold at a true interest cost rate of 7.5625 percent. The $150,000,000 was comprised of the following:

$101,750,000	in State Building Bonds
11,500,000	in State Transportation Bonds
18,000,000	in State Pollution Control Bonds
4,500,000	in State Waste Management Bonds
1,250,000	in State School Loan Bonds
13,000,000	in State School Energy Bonds
$150,000,000	Total

The Minnesota State Board of Investment (SBI), at its October, 1985, meeting, adopted a resolution calling for the divestment of companies doing business in South Africa that don't meet predetermined guidelines. The resolution calls for a four phased approach to divestment with SBI receiving financial and legal advice at the completion of each phase to insure it is not violating it's fiduciary responsibility. The fourth phase, to be completed by August, 1989, calls for the divestment of any company with operations in South Africa. It cannot be determined at this time what effect, if any, this resolution will have on SBI's investment flexibility.

As required by the constitution and statute, transfers from the funds presented below were made on November 1, and December 1, 1985 to the separately invested Debt Service Fund to cover principal and interest maturing through July 1, 1987.

General	$124,252,261
Trunk Highway	16,759,237
Game and Fish	68,416
Maximum Effort School Loan	1,540,406
Building	16,319,234
Federal	(1,276)
Misellaneous Special Revenue	44,800
Total Transfers to Debt Service	$158,983,078

The Maximum Effort School Loan Fund (a special revenue fund) did not have a sufficient balance in its loan repayment account to make the total required debt service transfer on November 1. The Laws of 1981, Chapter 358, Article IX appropriated funds from the General Fund for this purpose and $214,900 was provided and is included in the General Fund transfers above.

As of November 30, 1985 the balance of loans payable from the Unemployment Compensation Fund (a fiduciary fund) to the United States Department of Labor was $56,026,420. This includes $478,126 of interest payable.

On December 5, 1985, the Minnesota Higher Education Facilities Authority issued $5,500,000 in variable rate revenue bonds. The interest rate at the date of sale was 5.25 percent.

Combining Financial Statements

SPECIAL REVENUE FUNDS

The **State Airports Fund** receives revenue from aviation related taxes and fees. These revenues are used by the Department of Transportation to provide technical and financial assistance to municipal airports and to promote aviation safety, planning and regulation.

The **Game and Fish Fund** receives revenues from license fees and fines related to hunting and fishing, the receipts of which are appropriated to the Department of Natural Resources for related purposes.

The **Trunk Highway Fund** is supported by revenues from the Highway User Tax Distribution Fund and federal grants to provide planning, design, construction and maintenance of the state trunk highway system.

The **Highway User Tax Distribution Fund** receives revenue from taxes on motor vehicles and motor fuels for transfer to various transportation related funds.

The **Federal Fund** receives and disburses federal government grants and reimbursements. The fund is administered in accordance with grant agreements between the state and federal agencies.

The **Maximum Effort School Loan Fund** receives bond proceeds and reimbursements from school districts to help finance school district construction projects.

The **Special Workers Compensation Fund** provides reimbursement for supplemental workers compensation benefits paid.

The **Miscellaneous Special Revenue Fund** receives revenue from various dedicated sources, the expenditures of which are limited by constitution or law for specific purposes.

STATE OF MINNESOTA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1985
(IN THOUSANDS)

	STATE AIRPORTS	GAME AND FISH	TRUNK HIGHWAY
ASSETS			
Cash	$ (18)	$ 7,061	$ (2,239)
Investments	7,896	-	181,694
Accounts Receivable (Net)	193	2,143	4,905
Due from Other Funds	185	-	15,097
Accrued Income	103	-	3,450
Federal Aid Receivable	-	2,042	46,277
Inventories	-	-	12,416
Deferred Costs	-	-	10
Loans Receivable	2,194	-	-
Total Assets	$10,553	$11,246	$261,610
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 696	$ 2,390	$ 63,528
Payable to Other Funds	19	421	380
Payable to Other Governmental Units	-	-	156
Deferred Revenue	-	-	204
Advances from Other Funds	-	-	-
Total Liabilities	$ 715	$ 2,811	$ 64,268
Fund Balances:			
Reserved for Encumbrances	$ 5,701	$ 2,938	$ 13,535
Reserved for Inventory	-	-	12,416
Reserved for Long-Term Receivables	2,141	-	-
Reserved for Long-Term Commitments	-	-	109,802
Total Reserved Fund Balances	$ 7,842	$ 2,938	$135,753
Unreserved Fund Balances:			
Designated for Appropriation Carryover	$ 11	$ 200	$ 15,132
Designated for Fund Purposes	1,985	5,297	46,457
Total Unreserved Fund Balances	$ 1,996	$ 5,497	$ 61,589
Total Fund Balances	$ 9,838	$ 8,435	$197,342
Total Liabilities and Fund Balances	$10,553	$11,246	$261,610

STATE OF MINNESOTA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1985
(IN THOUSANDS)

HIGHWAY USER TAX DISTRIBUTION	FEDERAL	MAXIMUM EFFORT SCHOOL LOAN	SPECIAL WORKERS COMPENSATION	MISCELLANEOUS SPECIAL REVENUE	COMBINED TOTALS
$ 5,131	$ 10,211	$ 667	$ (46)	$ 52,263	$ 73,030
-	615	1,256	10,731	31,628	233,820
4,530	6,394	-	1,091	4,482	23,738
19,109	1,740	-	2,734	16,290	55,155
-	-	687	5	621	4,866
-	96,188	-	-	-	144,507
-	-	-	-	2,522	14,938
-	3,750	-	-	-	3,760
-	-	29,103	-	6,575	37,872
$28,770	$118,898	$31,713	$ 14,515	$114,381	$591,686
$ 1,054	$100,721	$ -	$ 66,607	$ 8,083	$243,079
27,440	608	-	-	1,668	30,536
-	12,271	-	-	-	12,427
6	5,298	-	-	3	5,511
-	-	-	-	250	250
$28,500	$118,898	$ -	$ 66,607	$ 10,004	$291,803
$ 1,047	$ -	$ -	$ 74	$ 10,714	$ 34,009
-	-	-	-	2,522	14,938
-	-	29,730	-	6,575	38,446
-	-	-	-	576	110,378
$ 1,047	$ -	$29,730	$ 74	$ 20,387	$197,771
$ -	$ -	$ -	$ -	$ -	$ 15,343
(777)	-	1,983	(52,166)	83,990	86,769
$ (777)	$ -	$ 1,983	$(52,166)	$ 83,990	$102,112
$ 270	$ -	$31,713	$(52,092)	$104,377	$299,883
$28,770	$118,898	$31,713	$ 14,515	$114,381	$591,686

STATE OF MINNESOTA

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

	STATE AIRPORTS	GAME AND FISH	TRUNK HIGHWAY
Revenues:			
Taxes	$ 8,955	$ -	$ -
Intergovernmental Revenues	-	3,740	191,112
Investment Income	760	694	16,293
Other Revenues	465	24,900	37,427
Gross Revenues	$10,180	$29,334	$ 244,832
Less Revenue Refunds	347	46	241
Net Revenues	$ 9,833	$29,288	$ 244,591
Expenditures:			
Current:			
Protection of Persons/Property	$ -	$ -	$ 39,804
Transportation	2,947	-	213,037
Resource Management	-	26,805	-
Economic/Manpower Development	-	-	-
Education	-	-	15
Health and Social Services	-	-	373
General Government	19	6	1,144
Total Current Expenditures	$ 2,966	$26,811	$ 254,373
Capital Outlay	151	2,666	313,927
Grants and Subsidies	5,343	209	253
Total Expenditures	$ 8,460	$29,686	$ 568,553
Excess of Revenues Over (Under) Expenditures	$ 1,373	$ (398)	$(323,962)
Other Financing Sources (Uses):			
General Obligation Bonds	$ -	$ -	$ 35,000
Operating Transfers-In	-	395	363,425
Operating Transfers to Debt Service	-	(82)	(22,504)
Other Operating Transfers-Out	-	-	-
Other Sources (Uses)	-	-	-
Net Other Financing Sources (Uses)	$ -	$ 313	$ 375,921
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ 1,373	$ (85)	$ 51,959
Fund Balances, July 1, 1984, as Reported	$ 8,465	$ 8,219	$ 145,336
Prior Period Adjustments	-	-	-
Changes in Reporting Entity	-	-	-
Fund Balances, July 1, 1984, as Restated	$ 8,465	$ 8,219	$ 145,336
Net Residual Equity Transfers	-	301	19
Change in Inventory	-	-	28
Fund Balances, June 30, 1985	$ 9,838	$ 8,435	$ 197,342

STATE OF MINNESOTA

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

HIGHWAY USER TAX DISTRIBUTION	FEDERAL	MAXIMUM EFFORT SCHOOL LOAN	SPECIAL WORKERS COMPENSATION	MISCELLANEOUS SPECIAL REVENUE	COMBINED TOTALS
$ 585,656	$ -	$ -	$ 58,110	$ 3,689	$ 656,410
-	1,377,617	-	-	812	1,573,281
-	86	134	981	2,863	21,811
3,372	21,131	1,212	76	48,498	137,081
$ 589,028	$1,398,834	$ 1,346	$ 59,167	$ 55,862	$2,388,583
24,721	1,224	-	27	219	26,825
$ 564,307	$1,397,610	$ 1,346	$ 59,140	$ 55,643	$2,361,758
$ 7,780	$ 9,261	$ -	$ -	$ 242	$ 57,087
1,198	681	-	-	76	217,939
-	8,649	-	-	10,918	46,372
-	72,538	-	1,938	15,772	90,248
-	13,420	-	-	8,747	22,182
-	32,829	-	-	9,179	42,381
-	550	-	-	3,005	4,724
$ 8,978	$ 137,928	$ -	$ 1,938	$ 47,939	$ 480,933
99	4,103	-	50	10,179	331,175
-	1,253,696	-	54,744	14,662	1,328,907
$ 9,077	$1,395,727	$ -	$ 56,732	$ 72,780	$2,141,015
$ 555,230	$ 1,883	$ 1,346	$ 2,408	$(17,137)	$ 220,743
$ -	$ -	$ -	$ -	$ -	$ 35,000
37,195	-	-	-	49,218	450,233
-	(187)	(1,371)	-	(203)	(24,347)
(595,898)	(1,208)	-	-	(1,763)	(598,869)
-	-	18	-	(2,572)	(2,554)
$(558,703)	$ (1,395)	$(1,353)	$ -	$ 44,680	$ (140,537)
$ (3,473)	$ 488	$ (7)	$ 2,408	$ 27,543	$ 80,206
$ 3,743	$ -	$31,720	$(54,500)	$ 88,828	$ 231,811
-	-	-	-	4,852	4,852
-	-	-	-	(19,318)	(19,318)
$ 3,743	$ -	$31,720	$(54,500)	$ 74,362	$ 217,345
-	(488)	-	-	(22)	(190)
-	-	-	-	2,494	2,522
$ 270	$ -	$31,713	$(52,092)	$104,377	$ 299,883

STATE OF MINNESOTA

COMBINING SCHEDULE OF BUDGET AND ACTUAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGETED SPECIAL REVENUE FUNDS - BUDGETARY BASIS

YEAR ENDED JUNE 30,1985

(IN THOUSANDS)

	STATE AIRPORTS FUND			GAME AND FISH FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Title						
Revenues:						
Taxes	$ 8,256	$ 8,955	$ 699	$ -	$ -	$ -
Intergovernmental Revenues	-	-	-	3,650	2,467	(1,183)
Investment Income	600	761	161	650	694	44
Other Revenues	242	444	202	25,932	25,135	(797)
Gross Revenues	$ 9,098	$10,160	$1,062	$30,232	$28,296	$(1,936)
Less Revenue Refunds	688	371	317	36	46	(10)
Net Revenues	$ 8,410	$ 9,789	$1,379	$30,196	$28,250	$(1,946)
Expenditures:						
Current:						
Protection of Persons/Property	$ -	$ -	$ -	$ -	$ -	$ -
Transportation	2,897	3,189	(292)	-	-	-
Resource Management	-	-	-	27,194	27,467	(273)
Education	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-
General Government	-	-	-	35	5	30
Total Current Expenditures	$ 2,897	$ 3,189	$ (292)	$27,229	$27,472	$ (243)
Capital Outlay	152	141	11	3,174	2,914	260
Grants and Subsidies	7,959	6,735	1,224	542	242	300
Total Expenditures	$11,008	$10,065	$ 943	$30,945	$30,628	$ 317
Excess of Revenues Over (Under) Expenditures	$(2,598)	$ (276)	$2,322	$ (749)	$(2,378)	$(1,629)
Other Financing Sources (Uses):						
General Obligation Bonds	$ -	$ -	$ -	$ -	$ -	$ -
Operating Transfers-In	-	12	12	967	1,047	80
Operating Transfers to Debt Service	-	-	-	(65)	(16)	49
Other Operating Transfers-Out	-	(8)	(8)	-	-	-
Net Other Financing Sources (Uses)	$ -	$ 4	$ 4	$ 902	$ 1,031	$ 129
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$(2,598)	$ (272)	$2,326	$ 153	$(1,347)	$(1,500)
Fund Balances, July 1, 1984	4,263	4,263	-	2,238	2,238	-
Prior Year Adjustments	-	123	123	-	517	517
Total Fund Balances, June 30, 1985	$ 1,665	$ 4,114	$2,449	$ 2,391	$ 1,408	$ (983)
Less Appropriation Carryover	-	11	(11)	260	200	60
Fund Balances-Designated for Fund Purposes, June 30, 1985	$ 1,665	$ 4,103	$2,438	$ 2,131	$ 1,208	$ (923)

STATE OF MINNESOTA

COMBINING SCHEDULE OF BUDGET AND ACTUAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGETED SPECIAL REVENUE FUNDS - BUDGETARY BASIS

YEAR ENDED JUNE 30,1985

(IN THOUSANDS)

TRUNK HIGHWAY FUND			HIGHWAY USER TAX DISTRIBUTION FUND			COMBINED TOTALS		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
$ -	$ -	$ -	$ 577,784	$ 588,588	$ 10,804	$ 586,040	$ 597,543	$ 11,503
282,700	251,190	(31,510)	-	-	-	286,350	253,657	(32,693)
12,000	16,384	4,384	-	-	-	13,250	17,839	4,589
32,744	39,101	6,357	450	357	(93)	59,368	65,037	5,669
$ 327,444	$ 306,675	$(20,769)	$ 578,234	$ 588,945	$ 10,711	$ 945,008	$ 934,076	$(10,932)
103	15,245	(15,142)	25,707	25,304	403	26,534	40,966	(14,432)
$ 327,341	$ 291,430	$(35,911)	$ 552,527	$ 563,641	$ 11,114	$ 918,474	$ 893,110	$(25,364)
$ 44,525	$ 42,003	$ 2,522	$ 7,889	$ 7,215	$ 674	$ 52,414	$ 49,218	$ 3,196
212,051	214,292	(2,241)	-	-	-	214,948	217,481	(2,533)
-	-	-	-	-	-	27,194	27,467	(273)
19	17	2	-	-	-	19	17	2
422	393	29	-	-	-	422	393	29
-	1,145	(1,145)	-	-	-	35	1,150	(1,115)
$ 257,017	$ 257,850	$ (833)	$ 7,889	$ 7,215	$ 674	$ 295,032	$ 295,726	$ (694)
425,853	387,773	38,080	15	411	(396)	429,194	391,239	37,955
266	666	(400)	-	-	-	8,767	7,643	1,124
$ 683,136	$ 646,289	$ 36,847	$ 7,904	$ 7,626	$ 278	$ 732,993	$ 694,608	$ 38,385
$(355,795)	$(354,859)	$ 936	$ 544,623	$ 556,015	$ 11,392	$ 185,481	$ 198,502	$ 13,021
$ 34,825	$ 34,825	$ -	$ -	$ -	$ -	$ 34,825	$ 34,825	$ -
356,869	364,182	7,313	39,406	37,199	(2,207)	397,242	402,440	5,198
(20,610)	(22,064)	(1,454)	-	-	-	(20,675)	(22,080)	(1,405)
-	(343)	(343)	(571,990)	(597,671)	(25,681)	(571,990)	(598,022)	(26,032)
$ 371,084	$ 376,600	$ 5,516	$(532,584)	$(560,472)	$(27,888)	$(160,598)	$(182,837)	$(22,239)
$ 15,289	$ 21,741	$ 6,452	$ 12,039	$ (4,457)	$(16,496)	$ 24,883	$ 15,665	$ (9,218)
11,015	31,593	20,578	6,344	5,536	(808)	23,860	43,630	19,770
(6,703)	(2,562)	4,141	(1,054)	68	1,122	(7,757)	(1,854)	5,903
$ 19,601	$ 50,772	$ 31,171	$ 17,329	$ 1,147	$(16,182)	$ 40,986	$ 57,441	$ 16,455
15,132	15,132	-	-	-	-	15,392	15,343	49
$ 4,469	$ 35,640	$ 31,171	$ 17,329	$ 1,147	$(16,182)	$ 25,594	$ 42,098	$ 16,504

CAPITAL PROJECTS FUNDS

The **General Project Fund** receives monies appropriated from the General Fund for building or capital improvement projects.

The **Transportation Fund** receives proceeds of transportation bonds, General Fund appropriations and federal grants for the construction or reconstruction of state and locally owned bridges.

The **Building Fund** receives revenue from the sale of state bonds to provide funds for the acquisition and betterment of public lands and buildings and for grants to local governments.

STATE OF MINNESOTA
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1985
(IN THOUSANDS)

	GENERAL PROJECT	TRANSPORTATION	BUILDING	COMBINED TOTALS
ASSETS				
Cash	$19,434	$17,573	$ 440	$ 37,447
Investments	-	-	97,884	97,884
Accounts Receivable	-	-	1	1
Due from Other Funds	13,515	-	-	13,515
Accrued Income	-	-	3,093	3,093
Federal Aid Receivable	-	3,560	-	3,560
Loans/Notes Receivable	-	-	11,434	11,434
Total Assets	$32,949	$21,133	$112,852	$166,934
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ 2,281	$ 5,123	$ 16,403	$ 23,807
Payable to Other Funds	-	-	15,128	15,128
Total Liabilities	$ 2,281	$ 5,123	$ 31,531	$ 38,935
Fund Balances:				
Reserved for Long-Term Receivables	$ -	$ -	$ 11,197	$ 11,197
Reserved for Long-Term Commitments	30,668	5,781	70,124	106,573
Total Reserved Fund Balances	$30,668	$ 5,781	$ 81,321	$117,770
Unreserved Fund Balances:				
Designated for Appropriation Carryover	-	10,229	-	10,229
Total Fund Balances	$30,668	$16,010	$ 81,321	$127,999
Total Liabilities and Fund Balances	$32,949	$21,133	$112,852	$166,934

STATE OF MINNESOTA

CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

	GENERAL PROJECT	TRANSPORTATION	BUILDING	COMBINED TOTALS
Revenues:				
Intergovernmental Revenues	$ -	$ 17,875	$ -	$ 17,875
Investment Income	-	-	16,719	16,719
Other	-	27	155	182
Total Revenues	$ -	$ 17,902	$ 16,874	$ 34,776
Expenditures:				
Current:				
Protection of Persons/Property	$ 19	$ -	$ 593	$ 612
Transportation	-	34	10	44
Resource Management	-	-	2,368	2,368
Education	1,830	-	645	2,475
General Government	2,551	-	12,335	14,886
Total Current Expenditures	$ 4,400	$ 34	$ 15,951	$ 20,385
Capital Outlay	566	21,693	33,793	56,052
Grants and Subsidies	2,967	6,439	63,068	72,474
Total Expenditures	$ 7,933	$ 28,166	$112,812	$ 148,911
Deficiency of Revenues Under Expenditures	$(7,933)	$(10,264)	$(95,938)	$(114,135)
Other Financing Sources (Uses):				
General Obligaton Bonds	$ -	$ 14,100	$100,900	$ 115,000
Operating Transfers-In	13,515	-	281	13,796
Operating Transfers to Debt Service	-	-	(16,719)	(16,719)
Other Operating Transfers-Out	(1)	(7,100)	-	(7,101)
Net Other Financing Sources (Uses)	$13,514	$ 7,000	$ 84,462	$ 104,976
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ 5,581	$ (3,264)	$(11,476)	$ (9,159)
Fund Balances, July 1, 1984	25,087	19,274	92,958	137,319
Net Residual Equity Transfers	-	-	(161)	(161)
Fund Balances, June 30, 1985	$30,668	$ 16,010	$ 81,321	$ 127,999

ENTERPRISE FUNDS

The **Housing Finance Agency Loan Funds** provide money for loans and technical assistance for construction and rehabilitation of housing for families of low and moderate incomes.

The **Higher Education Facilities Authority Bond Fund** assists private non-profit, nonsectarian post secondary educational institutions in financing construction of education facilities.

The **State University Board Revenue Bond Fund** constructs, maintains and operates college buildings for residence hall, student union or food service purposes.

The **Higher Education Coordinating Board Student Loan Funds** make loans to qualified post secondary students.

The **College and University Enterprise Activities Fund** includes the various auxiliary enterprise and student loan programs operated by the state universities and community colleges.

The **Minnesota Correctional Industries Fund** facilitates prisoner rehabilitation by providing facilities and assistance for manufacturing and marketing goods to the general public.

The **Minnesota Energy and Economic Development Authority Fund** assists economic growth through business expansion and the development of energy alternatives by providing loans to Minnesota businesses.

The **Enterprise Activities Fund** includes various minor activities providing services to the general public or local governmental units.

STATE OF MINNESOTA

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1985

(IN THOUSANDS)

	HOUSING FINANCE AGENCY LOAN FUNDS		HIGHER EDUCATION FACILITIES AUTHORITY BOND	STATE UNIVERSITY BOARD REVENUE BOND
	HOUSING DEVELOPMENT	PROGRAMS		
ASSETS				
Current Assets:				
Cash	$ (50)	$ (491)	$ 41	$ 96
Investments	148,475	342,251	674	14,821
Accounts Receivable (Net)	1,509	1,375	-	386
Accrued Income	3,018	25,026	-	755
Federal Aid Receivable	-	-	-	-
Inventories	-	-	-	-
Deferred Costs	-	33,182	-	1
Notes Receivable	-	-	-	-
Loans Receivable	-	-	-	-
Other Current Assets	-	-	20	-
Total Current Assets	$152,952	$ 401,343	$ 735	$16,059
Restricted Assets:				
Restricted for Debt Service	$ -	$ 228,340	$33,079	$ 4,308
Other	-	23,947	-	8,769
Total Restricted Assets	$ -	$ 252,287	$33,079	$13,077
Noncurrent Assets:				
Loans Receivable	$ 21,192	$1,181,003	$18,394	$ -
Financing Leases Receivable	-	-	44,882	-
Advances to Other Funds	-	-	-	13
Fixed Assets (Net)	761	-	5	45,681
Total Noncurrent Assets	$ 21,953	$1,181,003	$63,281	$45,694
Total Assets	$174,905	$1,834,633	$97,095	$74,830
LIABILITIES AND FUND EQUITY				
Liabilities:				
Current Liabilities:				
Accounts Payable	$ 1,273	$ 438	$ 9	$ -
Accrued Interest Payable	-	2,767	-	-
Installment Purchases Payable	-	-	-	-
Advances from Other Funds	-	-	-	-
Revenue Bonds Payable	-	-	-	-
Compensated Absences Payable	154	-	-	-
Deferred Revenue	7,798	619	233	793
Funds Held in Trust	95,343	-	-	-
Total Current Liabilities	$104,568	$ 3,824	$ 242	$ 793
Payable from Restricted Assets:				
Accounts Payable	$ -	$ -	$ 4	$ 1,355
Revenue Bonds Payable	-	41,740	2,200	1,050
Revenue Bonds Interest Payable	-	55,822	1,469	325
General Obligation Bonds Payable	-	-	-	555
General Obligation Bonds Interest Payable	-	-	-	254
Other	-	-	221	-
Total Payable from Restricted Assets	$ -	$ 97,562	$ 3,894	$ 3,539
Noncurrent Liabilities:				
General Obligation Bonds Payable	$ -	$ -	$ -	$13,599
Revenue Bonds Payable	-	1,547,636	91,062	28,837
Compensated Absences Payable	10	-	-	379
Advances from Other Funds	-	-	-	-
Capital Leases Payable	-	-	-	-
Total Noncurrent Liabilities	$ 10	$1,547,636	$91,062	$42,815
Total Liabilities	$104,578	$1,649,022	$95,198	$47,147
Fund Equity:				
Contributed Capital	$ -	$ -	$ -	$ 6,495
Reserved Retained Earnings:				
Reserved for Debt Requirements	$ -	$ 25,518	$ 1,399	$ 9,160
Reserved per State Law	45,924	66,633	-	-
Total Reserved Retained Earnings	$ 45,924	$ 92,151	$ 1,399	$ 9,160
Unreserved Retained Earnings	24,403	93,460	498	12,028
Total Retained Earnings	$ 70,327	$ 185,611	$ 1,897	$21,188
Total Fund Equity	$ 70,327	$ 185,611	$ 1,897	$27,683
Total Liabilities and Fund Equity	$174,905	$1,834,633	$97,095	$74,830

STATE OF MINNESOTA

ENTERPRISE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1985

(IN THOUSANDS)

HIGHER EDUCATION COORDINATING BOARD STUDENT LOAN FUNDS						
STUDENT LOAN	MEDICAL AND OSTEOPATHY STUDENT LOAN	COLLEGE AND UNIVERSITY ENTERPRISE ACTIVITIES	MINNESOTA CORRECTIONAL INDUSTRIES	MINNESOTA ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY	ENTERPRISE ACTIVITIES	COMBINED TOTALS
$ 605	$ -	$ 2,551	$ 106	$ 1,157	$ 637	$ 4,652
188,113	-	3,986	1,913	26,078	-	726,311
-	-	372	1,341	-	684	5,667
8,399	-	124	41	316	1	37,680
-	-	-	-	200	-	200
-	-	2,008	4,808	-	145	6,961
1,269	5	115	2	-	3	34,577
-	-	-	348	-	-	348
31,000	-	4,689	-	-	-	35,689
-	-	3	-	120	-	143
$229,386	$ 5	$13,848	$ 8,559	$27,871	$ 1,470	$ 852,228
$ 88,165	$ 845	$ -	$ -	$ -	$ -	$ 354,737
-	11	-	-	-	193	32,920
$ 88,165	$ 856	$ -	$ -	$ -	$ 193	$ 387,657
$143,574	$2,490	$22,679	$ -	$ 8,962	$ -	$1,398,294
-	-	-	-	-	-	44,882
-	-	-	-	-	-	13
25	-	306	2,258	-	5,442	54,478
$143,599	$2,490	$22,985	$ 2,258	$ 8,962	$ 5,442	$1,497,667
$461,150	$3,351	$36,833	$10,817	$36,833	$ 7,105	$2,737,552
$ 435	$ -	$ 501	$ 346	$ 32	$ 350	$ 3,384
-	-	-	-	372	2,683	5,822
-	-	-	-	-	8,413	8,413
-	-	-	-	-	11	11
-	-	-	-	115	-	115
-	-	10	142	28	291	625
-	-	4	14	-	89	9,550
-	-	-	-	-	-	95,343
$ 435	$ -	$ 515	$ 502	$ 547	$11,837	$ 123,263
$ -	$ -	$ -	$ -	$ -	$ -	$ 1,359
20,000	720	-	-	-	-	65,710
4,906	44	-	-	-	-	62,566
-	-	-	-	-	-	555
-	-	-	-	-	-	254
-	-	-	-	-	-	221
$ 24,906	$ 764	$ -	$ -	$ -	$ -	$ 130,665
$ -	$ -	$ -	$ -	$ -	$ -	$ 13,599
332,007	2,184	-	-	6,355	-	2,008,081
60	-	64	41	-	10	564
-	-	13	-	-	175	188
-	-	-	-	-	22	22
$332,067	$2,184	$ 77	$ 41	$ 6,355	$ 207	$2,022,454
$357,408	$2,948	$ 592	$ 543	$ 6,902	$12,044	$2,276,382
$ -	$ -	$28,675	$ 4,621	$ -	$ 1,146	$ 40,937
$ 63,259	$ 92	$ -	$ -	$ 9,302	$ 193	$ 108,923
-	-	-	-	-	-	112,557
$ 63,259	$ 92	$ -	$ -	$ 9,302	$ 193	$ 221,480
40,483	311	7,566	5,653	20,629	(6,278)	198,753
$103,742	$ 403	$ 7,566	$ 5,653	$29,931	$(6,085)	$ 420,233
$103,742	$ 403	$36,241	$10,274	$29,931	$(4,939)	$ 461,170
$461,150	$3,351	$36,833	$10,817	$36,833	$ 7,105	$2,737,552

STATE OF MINNESOTA

ENTERPRISE FUNDS

COMBINING STATEMENT REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

	HOUSING FINANCE AGENCY LOAN FUNDS		HIGHER EDUCATION FACILITIES AUTHORITY	STATE UNIVERSITY BOARD
	HOUSING DEVELOPMENT	PROGRAMS	BOND	REVENUE BOND
Operating Revenues:				
Net Sales	$ -	$ -	$ -	$ -
Investment/Interest Income	6,382	145,696	3,325	3,416
Rental and Service Fees	941	3,104	4,742	26,019
Total Operating Revenues	$ 7,323	$148,800	$8,067	$29,435
Less Cost of Goods Sold	-	-	-	-
Gross Margin	$ 7,323	$148,800	$8,067	$29,435
Operating Expenses:				
Interest and Financing Costs	$ -	$120,173	$7,602	$ 2,136
Purchased Services	2,567	3,260	33	12,675
Salaries and Fringe Benefits	3,137	-	105	7,385
Depreciation	75	-	1	2,857
Amortization	-	-	-	8
Supplies and Materials	53	-	-	1,486
Indirect Costs	90	-	-	-
Other	-	188	20	-
Total Operating Expenses	$ 5,922	$123,621	$7,761	$26,547
Operating Income	$ 1,401	$ 25,179	$ 306	$ 2,888
Nonoperating Revenues (Expenses):				
Federal Grants and Subsidies	$ 53,691	$ -	$ -	$ 119
Other Nonoperating Revenues	-	-	-	-
Grants, Aids and Subsidies	(58,912)	-	-	88
Other Nonoperating Expenses	-	-	-	-
Total Nonoperating Revenues (Expenses)	$ (5,221)	$ -	$ -	$ 207
Income (Loss) Before Operating Transfers	$ (3,820)	$ 25,179	$ 306	$ 3,095
Operating Transfers-In	8,395	12,779	-	-
Operating Transfers-Out	(12,779)	(5,644)	-	-
Net Income	$ (8,204)	$ 32,314	$ 306	$ 3,095
Depreciation on Fixed Assets Acquired with Contributed Capital	-	-	-	352
Increase (Decrease) in Retained Earnings	$ (8,204)	$ 32,314	$ 306	$ 3,447
Retained Earnings, July 1, 1984, as Reported	$ 78,531	$153,297	$1,591	$17,741
Prior Period Adjustments	-	-	-	-
Changes in Reporting Entity	-	-	-	-
Retained Earnings, July 1, 1984, as Restated	$ 78,531	$153,297	$1,591	$17,741
Retained Earnings, June 30, 1985	$ 70,327	$185,611	$1,897	$21,188

STATE OF MINNESOTA

ENTERPRISE FUNDS

COMBINING STATEMENT REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

HIGHER EDUCATION COORDINATING BOARD STUDENT LOAN FUNDS						
STUDENT LOAN	MEDICAL AND OSTEOPATHY STUDENT LOAN	COLLEGE AND UNIVERSITY ENTERPRISE ACTIVITIES	MINNESOTA CORRECTIONAL INDUSTRIES	MINNESOTA ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY	ENTERPRISE ACTIVITIES	COMBINED TOTALS
$ -	$ -	$ 9,048	$ 6,479	$ -	$ 1,914	$ 17,441
44,752	355	511	162	2,903	-	207,502
-	-	832	-	168	3,445	39,251
$ 44,752	$355	$10,391	$ 6,641	$ 3,071	$ 5,359	$264,194
-	-	6,696	6,132	-	420	13,248
$ 44,752	$355	$ 3,695	$ 509	$ 3,071	$ 4,939	$250,946
$ 28,884	$175	$ 3	$ -	$ 372	$ -	$159,345
4,255	-	241	64	696	863	24,654
643	-	1,298	1,449	505	3,926	18,448
10	-	10	204	-	410	3,567
645	2	-	-	-	9	664
7	-	320	56	-	117	2,039
80	-	80	62	-	82	394
-	107	244	96	994	113	1,762
$ 34,524	$284	$ 2,196	$ 1,931	$ 2,567	$ 5,520	$210,873
$ 10,228	$ 71	$ 1,499	$(1,422)	$ 504	$ (581)	$ 40,073
$ 7,301	$ -	$ -	$ -	$ 400	$ -	$ 61,511
-	-	-	27	-	50	77
-	-	-	-	-	-	(58,824)
-	-	(457)	(4)	-	(673)	(1,134)
$ 7,301	$ -	$ (457)	$ 23	$ 400	$ (623)	$ 1,630
$ 17,529	$ 71	$ 1,042	$(1,399)	$ 904	$(1,204)	$ 41,703
-	-	49	2,749	9,743	-	33,715
-	-	(885)	-	-	-	(19,308)
$ 17,529	$ 71	$ 206	$ 1,350	$10,647	$(1,204)	$ 56,110
-	-	-	-	-	9	361
$ 17,529	$ 71	$ 206	$ 1,350	$10,647	$(1,195)	$ 56,471
$ 86,213	$332	$ 6,425	$ 499	$ -	$(4,890)	$339,739
-	-	935	3,804	-	-	4,739
-	-	-	-	19,284	-	19,284
$ 86,213	$332	$ 7,360	$ 4,303	$19,284	$(4,890)	$363,762
$103,742	$403	$ 7,566	$ 5,653	$29,931	$(6,085)	$420,233

STATE OF MINNESOTA

ENTERPRISE FUNDS

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

	HOUSING FINANCE AGENCY LOAN FUNDS		HIGHER EDUCATION FACILITIES AUTHORITY BOND	STATE UNIVERSITY BOARD REVENUE BOND
	HOUSING DEVELOPMENT	PROGRAMS		
Cash Provided:				
From Operations:				
Net Income	$ (8,204)	$ 32,314	$ 306	$ 3,095
Items Added to (Deducted from) Net Income:				
Decrease (Increase) in Current Assets:				
Accounts Receivable	$ (1,509)	$ (460)	$ -	$ (97)
Accrued Income	(495)	(6,842)	-	(87)
Due From Other Funds	-	-	-	-
Inventories	-	-	-	-
Other Current Assets	-	3,091	-	-
Increase (Decrease) in Current Liabilities:				
Accounts Payable	306	115	340	(350)
Interest Payable	-	11,241	(278)	(22)
Payable to Other Funds	-	-	-	-
Other Current Liabilities	2	-	-	-
Deferred Revenue	(1,654)	(89)	62	(90)
Depreciation	75	-	1	2,857
Amortization	-	-	-	8
Losses (Gains) on Fixed Asset Sales	83	-	-	108
Change in Other Assets/Liabilities	4	1,436	-	18
Total Items to be Added (Deducted)	$ (3,188)	$ 8,492	$ 125	$ 2,345
Total Cash Provided From Operations	$(11,392)	$ 40,806	$ 431	$ 5,440
Other Cash Provided:				
Proceeds From Sale of Bonds	$ -	$309,396	$10,762	$ -
Reduction of Loans Receivable	824	40,750	-	-
Reduction of Financing Leases Receivable	-	-	1,978	-
Reduction of Capital Leases Payable	-	-	-	-
Capital Contributions	-	-	-	-
Proceeds from the Sale of Fixed Assets	31	-	-	-
Other Cash Provided	17,847	-	3	2
Total Other Cash Provided	$ 18,702	$350,146	$12,743	$ 2
Total Cash Provided	$ 7,310	$390,952	$13,174	$ 5,442
Cash Applied:				
Loans Issued	$ 3,806	$172,439	$ -	$ -
Investments in Fixed Assets/Financing Leases	548	-	4,891	1,076
Deferred Costs	-	8,531	-	-
Reduction of Indebtedness	-	52,695	10,285	1,565
Other Cash Applied	-	-	284	-
Total Cash Applied	$ 4,354	$233,665	$15,460	$ 2,641
Net Increase (Decrease) in Cash and Investments	$ 2,956	$157,287	$(2,286)	$ 2,801
Cash and Investments, July 1, 1984, as Reported	$145,469	$436,760	$36,080	$25,193
Changes in Reporting Entity	-	-	-	-
Cash and Investments, July 1, 1984, as Restated	$145,469	$436,760	$36,080	$25,193
Cash and Investments, June 30, 1985	$148,425	$594,047	$33,794	$27,994

STATE OF MINNESOTA

ENTERPRISE FUNDS

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

HIGHER EDUCATION COORDINATING BOARD STUDENT LOAN FUNDS						
STUDENT LOAN	MEDICAL AND OSTEOPATHY STUDENT LOAN	COLLEGE AND UNIVERSITY ENTERPRISE ACTIVITIES	MINNESOTA CORRECTIONAL INDUSTRIES	MINNESOTA ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY	ENTERPRISE ACTIVITIES	COMBINED TOTALS
$ 17,529	$ 71	$ 206	$1,350	$10,647	$(1,204)	$ 56,110
$ -	$ -	$ (119)	$ (33)	$ -	$ (9)	$ (2,227)
2,236	(68)	64	9	(262)	5	(5,440)
-	-	40	-	-	24	64
-	-	(577)	(906)	-	(35)	(1,518)
228	3	134	(189)	1,499	(1)	4,765
(152)	-	232	44	23	71	629
(2,493)	-	-	-	372	469	9,289
(40)	-	(52)	-	-	(65)	(157)
-	-	9	(2)	167	14	190
-	-	1	4	-	(6)	(1,772)
10	-	10	204	-	410	3,567
645	2	-	-	-	9	664
-	-	-	-	-	(1)	190
16	107	(128)	(33)	-	1	1,421
$ 450	$ 44	$ (386)	$ (902)	$ 1,799	$ 886	$ 9,665
$ 17,979	$115	$ (180)	$ 448	$12,446	$ (318)	$ 65,775
$ 59,709	$ -	$ -	$ -	$ 6,470	$ -	$ 386,337
103,315	101	5,029	-	-	-	150,019
-	-	-	-	-	-	1,978
-	-	-	-	-	22	22
-	-	621	276	-	-	897
-	-	-	-	-	9	40
-	-	935	-	65	5	18,857
$163,024	$101	$6,585	$ 276	$ 6,535	$ 36	$ 558,150
$181,003	$216	$6,405	$ 724	$18,981	$ (282)	$ 623,925
$ 36,166	$ -	$4,745	$ -	$ 8,960	$ -	$ 226,116
6	-	-	105	-	105	6,731
603	-	-	-	-	-	9,134
108,500	-	-	-	-	9	173,054
-	-	1,225	-	-	-	1,509
$145,275	$ -	$5,970	$ 105	$ 8,960	$ 114	$ 416,544
$ 35,728	$216	$ 435	$ 619	$10,021	$ (396)	$ 207,381
$241,155	$265	$6,102	$1,400	$ -	$ 1,226	$ 893,650
-	-	-	-	17,214	-	17,214
$241,155	$265	$6,102	$1,400	$17,214	$ 1,226	$ 910,864
$276,883	$481	$6,537	$2,019	$27,235	$ 830	$1,118,245

INTERNAL SERVICE FUNDS

The **Computer Services Fund** accounts for the operation of statewide computer systems.

The **Central Stores Fund** accounts for the operation of centralized supplies purchasing, storage and distribution.

The **State Printer Fund** accounts for the operation of print shops.

The **Central Motor Pool Fund** accounts for the operation of a fleet of passenger vehicles and the state vehicle maintenance garage.

The **Telecommunications Fund** accounts for the operation of a centralized telephone system for most state agencies throughout the state.

The **Central Services Fund** accounts for miscellaneous centralized support services provided to state agencies.

STATE OF MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1985
(IN THOUSANDS)

	COMPUTER SERVICES	CENTRAL STORES	STATE PRINTER	CENTRAL MOTOR POOL	TELECOM-MUNICATIONS	CENTRAL SERVICES	COMBINED TOTALS
ASSETS							
Current Assets:							
Cash	$ 828	$213	$ 294	$ 182	$ 50	$ 590	$ 2,157
Accounts Receivable	2,180	206	310	406	945	385	4,432
Inventories	-	477	111	23	-	39	650
Deferred Costs	-	-	-	22	-	-	22
Total Current Assets	$ 3,008	$896	$ 715	$ 633	$ 995	$1,014	$ 7,261
Noncurrent Assets:							
Financing Leases Receivable	$ 35	$ -	$ -	$ -	$ 233	$ -	$ 268
Fixed Assets (Net)	12,426	81	625	3,950	314	305	17,701
Total Noncurrent Assets	$12,461	$ 81	$ 625	$3,950	$ 547	$ 305	$17,969
Total Assets	$15,469	$977	$1,340	$4,583	$1,542	$1,319	$25,230
LIABILITIES AND FUND EQUITY							
Liabilities:							
Current Liabilities:							
Accounts Payable	$ 1,227	$156	$ 246	$ 153	$ 152	$ 154	$ 2,088
Installment Purchases Payable	1,414	-	-	-	-	89	1,503
Capital Leases Payable	1,570	-	-	694	-	-	2,264
Advances from Other Funds	280	1	119	523	230	37	1,190
Compensated Absences Payable	459	16	67	27	3	89	661
Deferred Revenue	-	-	-	-	23	-	23
Total Current Liabilities	$ 4,950	$173	$ 432	$1,397	$ 408	$ 369	$7,729
Noncurrent Liabilities:							
Installment Purchases Payable	$ 3,000	$ -	$ 55	$ -	$ -	$ 242	$3,297
Advances from Other Funds	74	-	244	1,276	470	49	2,113
Capital Leases Payable	4,783	-	-	1,561	-	-	6,344
Compensated Absences Payable	173	8	25	13	-	4	223
Total Noncurrent Liabilities	$ 8,030	$ 8	$ 324	$2,850	$ 470	$ 295	$11,977
Total Liabilities	$12,980	$181	$ 756	$4,247	$ 878	$ 664	$19,706
Fund Equity:							
Contributed Capital	$ 2,156	$691	$ 640	$ 252	$ 342	$ 509	$ 4,590
Unreserved Retained Earnings	333	105	(56)	84	322	146	934
Total Fund Equity	$ 2,489	$796	$ 584	$ 336	$ 664	$ 655	$ 5,524
Total Liabilities and Fund Equity	$15,469	$977	$1,340	$4,583	$1,542	$1,319	$25,230

STATE OF MINNESOTA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

	COMPUTER SERVICES	CENTRAL STORES	STATE PRINTER	CENTRAL MOTOR POOL	TELECOM-MUNICATIONS	CENTRAL SERVICES	COMBINED TOTALS
Operating Revenues:							
Net Sales	$ -	$2,950	$3,242	$ -	$3,458	$1,451	$11,101
Rental and Service Fees	18,767	-	24	2,792	83	854	22,520
Total Operating Revenues	$18,767	$2,950	$3,266	$2,792	$3,541	$2,305	$33,621
Less Cost of Goods Sold	-	2,218	2,823	-	-	64	5,105
Gross Margin	$18,767	$ 732	$ 443	$2,792	$3,541	$2,241	$28,516
Operating Expenses:							
Interest and Financing Costs	$ 905	$ -	$ -	$ 95	$ -	$ 17	$ 1,017
Purchased Services	7,046	214	81	344	3,159	306	11,150
Salaries and Fringe Benefits	7,469	278	308	429	87	1,452	10,023
Depreciation	2,085	9	40	907	83	148	3,272
Amortization	1,007	-	-	-	-	-	1,007
Supplies and Materials	478	10	10	896	18	71	1,483
Indirect Costs	365	103	134	112	104	131	949
Other	23	-	20	-	-	40	83
Total Operating Expenses	$19,378	$ 614	$ 593	$2,783	$3,451	$2,165	$28,984
Operating Income (Loss)	$ (611)	$ 118	$ (150)	$ 9	$ 90	$ 76	$ (468)
Nonoperating Revenues (Expenses):							
Other Nonoperating Revenues	$ -	$ 41	$ -	$ 43	$	$ 93	$ 177
Gains (Losses) on Sale of Fixed Assets	(4)	-	(1)	42	-	(24)	13
Total Nonoperating Revenues (Expenses)	$ (4)	$ 41	$ (1)	$ 85	$ -	$ 69	$ 190
Net Income	$ (615)	$ 159	$ (151)	$ 94	$ 90	$ 145	$ (278)
Retained Earnings, July 1, 1984	$ 948	$ (54)	$ 95	$ (10)	$ 232	$ 1	$ 1,212
Retained Earnings, June 30, 1985	$ 333	$ 105	$ (56)	$ 84	$ 322	$ 146	$ 934

STATE OF MINNESOTA

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

	COMPUTER SERVICES	CENTRAL STORES	STATE PRINTER	CENTRAL MOTOR POOL	TELECOM-MUNICATIONS	CENTRAL SERVICES	COMBINED TOTALS
Cash Provided:							
From Operations:							
Net Income (Loss)	$ (615)	$ 159	$(151)	$ 94	$ 90	$ 145	$ (278)
Items Added to (Deducted from) Net Income:							
Decrease (Increase) in Current Assets:							
Accounts Receivable	$(1,442)	$(194)	$(249)	$ (374)	$(555)	$ (236)	$(3,050)
Due from Other Funds	2,035	125	244	227	659	328	3,618
Inventories	-	(30)	32	8	-	(11)	(1)
Prepaid Expenses	-	-	-	(2)	-	5	3
Increase (Decrease) in Current Liabilities:							
Accounts Payable	(78)	38	66	47	(104)	1	(30)
Compensated Absences Payable	(12)	(4)	10	-	-	6	-
Payable to Other Funds	(51)	(9)	(15)	(28)	(94)	(82)	(279)
Deferred Revenue	-	-	-	-	(9)	-	(9)
Depreciation	2,085	9	253	907	83	148	3,485
Amortization	1,007	-	-	-	-	-	1,007
Compensated Absences Payable (Non-Current)	16	(12)	7	10	-	-	21
Losses (Gains) on Fixed Asset Sales	4	-	1	(42)	-	24	(13)
Total Items Added (Deducted)	$ 3,564	$ (77)	$ 349	$ 753	$ (20)	$ 183	$ 4,752
Total Cash Provided From Operations	$ 2,949	$ 82	$ 198	$ 847	$ 70	$ 328	$ 4,474
Other Cash Provided:							
Reductions of Financing Leases Receivable	$ 246	$ -	$ -	$ -	$ 95	$ -	$ 341
Increase in Capital Leases	6,131	-	-	2,506	-	-	8,637
Increase in Installment Purchases Payable	828	-	-	-	-	404	1,232
Advances from Other Funds	-	-	85	128	195	48	456
Proceeds from Sales of Fixed Assets	45	-	3	319	-	462	829
Total Other Cash Provided	$ 7,250	$ -	$ 88	$2,953	$ 290	$ 914	$11,495
Total Cash Provided	$10,199	$ 82	$ 286	$3,800	$ 360	$1,242	$15,969
Cash Applied:							
Investments in Fixed Assets	$ 7,659	$ 11	$ 178	$2,668	$ 194	$ 495	$11,205
Reduction of Indebtedness	498	1	65	819	220	41	1,644
Reduction of Capital Leases Payable	1,077	-	-	250	-	-	1,327
Reduction of Installment Purchases Payable	1,562	-	28	-	-	492	2,082
Other Cash Applied	-	-	-	-	-	4	4
Total Cash Applied	$10,796	$ 12	$ 271	$3,737	$ 414	$1,032	$16,262
Net Increase (Decrease) in Cash and Investments	$ (597)	$ 70	$ 15	$ 63	$ (54)	$ 210	$ (293)
Cash and Investments, July 1, 1984	1,425	143	279	119	104	380	2,450
Cash and Investments, June 30, 1985	$ 828	$ 213	$ 294	$ 182	$ 50	$ 590	$ 2,157

FIDUCIARY FUNDS

PENSION TRUST FUNDS

Defined Benefit Funds

The **Public Employees Retirement Fund** includes resources accumulated to pay present and future retirement annuities to eligible employees of various local units of government.

The **Police and Fire Fund** includes resources accumulated to pay present and future retirement annuities to eligible police officers and fire fighters.

The **Teachers Retirement Fund** includes resources accumulated to pay present and future retirement annuities for members of both the basic and coordinated teachers retirement plans.

The **State Employees Retirement Fund** includes resources accumulated to pay present and future retirement annuities to state and University of Minnesota employees not covered by other pension funds.

The **State Patrol Retirement Fund** includes resources accumulated to pay present and future retirement annuities to eligible state patrol officers, conservation officers and crime bureau personnel.

The **Judicial Retirement Fund** includes resources accumulated to pay present retirement annuities to eligible district, municipal, county and probate court judges, supreme court justices and various court referees.

The **Elective State Officers Fund** includes resources accumulated to pay present and future retirement annuities for the state's constitutional officers.

The **Legislative Retirement Fund** includes resources accumulated to pay present and future retirement annuities for members of the state legislature.

Defined Contribution Funds

The **Unclassified Employees Retirement Fund** includes the aggregate of unclassified employee share accounts which are either refunded or used to purchase a retirement annuity upon termination of service.

The **Deferred Compensation Fund** includes the aggregate of voluntary employee payroll deductions which defer income and may be repaid in accordance with income tax code restrictions.

The **College Supplemental Retirement Fund** includes the aggregate of share accounts derived from contributions received from eligible state university and community college employees, with matching state contributions.

Investment Trust Funds

The **Minnesota Supplemental Investment Fund** provides an investment vehicle for the various Defined Contribution Funds and for some locally administered pension plans.

The **Post-Retirement Investment Fund** serves as an investment vehicle for the Defined Benefit Funds and as such invests reserves to provide investment income for the payment of retirement benefits.

The **Variable Annuity Fund** is restricted to participation by members of the Teachers Retirement Association. Investments are limited to corporate stocks with no more than six percent of the book value to be invested in a single corporation.

NONEXPENDABLE TRUST FUNDS

The **Permanent School Fund** is a constitutuionally established trust fund which receives revenue from investments and the sale of state land and timber. The investment earnings are transferred to the Endowment School Fund for distribution to school districts.

EXPENDABLE TRUST FUNDS

The **Municipal State-Aid Street Fund** receives 8.95 percent of the revenue received by the Highway User Tax Distribution Fund primarily for distribution to municipalities for improvement of streets.

The **County State-Aid Highway Fund** receives 29.6 percent of the revenue received by the Highway User Tax Distribution Fund primarily for distribution to counties for improvement of county roads.

The **Endowment School Fund** receives revenue from the investments of the Permanent School Fund and distributes it to school districts.

The **Endowment Fund** receives gifts, donations and endowments which may be expended only for those purposes specified by the donors.

The **Northeast Minnesota Economic Protection Fund** receives distributions from taconite production taxes to be held in trust or expended only in economic emergency for the purposes of rehabilitation and diversification of industry in the area largely dependent on the taconite mining industry.

The **Rural Rehabilitation Trust Fund** is a trust fund established from the proceeds of a federal grant for making loans to rural enterprises from the trust corpus.

The **Unemployment Compensation Fund** receives unemployment taxes collected from employers and pays unemployment benefits to eligible individuals.

The **Insurance Trust Fund** receives employee health and life insurance premiums and reimburses claims paid by insurance carriers.

AGENCY FUNDS

The **Disbursement Clearing Fund** is a clearing fund used to account for state warrants issued and redeemed.

The **Taxes Clearing Fund** is used to distribute tax receipts as specified by statute.

The **Social Welfare Fund** includes funds held for patients and inmates in state institutions.

The **Miscellaneous Agency Fund** includes the amounts held in trust by the state for various other governmental units, individuals or funds.

STATE OF MINNESOTA

FIDUCIARY FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1985

(IN THOUSANDS)

	PENSION TRUST	NONEXPENDABLE TRUST FUND PERMANENT SCHOOL	EXPENDABLE TRUST	AGENCY	COMBINED TOTALS
ASSETS					
Cash	$ (2,246)	$ 12	$(12,797)	$172,304	$ 157,273
Investments	6,439,370	331,567	326,844	6,414	7,104,195
Accounts Receivable	38,517	2,630	29,433	441	71,021
Due from Other Funds	52,189	20	21,734	6,003	79,946
Accrued Income	55,845	4,900	8,037	64	68,846
Equity in Investment Trust Funds	2,706,908	-	-	-	2,706,908
Loans/Notes Receivable	-	-	8,174	-	8,174
Prepaid Expenses	-	-	-	28	28
Fixed Assets (Net)	855	15,452	-	-	16,307
Other	3,165	-	-	-	3,165
Total Assets	$9,294,603	$354,581	$381,425	$185,254	$10,215,863
LIABILITIES AND FUND BALANCES					
Liabilities:					
Warrants Payable	$ -	$ -	$ -	$156,096	$ 156,096
Accounts Payable	2,884	-	36,057	1,689	40,630
Payable to Other Funds	24,151	15,160	-	718	40,029
Payable to Other Governmental Units	-	-	-	13,344	13,344
Compensated Absences Payable	531	-	55	-	586
Deferred Revenue	221	465	905	-	1,591
Loans Payable	-	-	146,736	-	146,736
Funds Held in Trust	3,323,167	-	-	13,407	3,336,574
Total Liabilities	$3,350,954	$ 15,625	$183,753	$185,254	$ 3,735,586
Fund Balances:					
Reserved Fund Balances:					
Reserved for Encumbrances	$ -	$ -	$ 1,252	$ -	$ 1,252
Reserved for Long-Term Receivables	-	-	25,286	-	25,286
Reserved for Local Governments	-	-	239,782	-	239,782
Reserved for Endowment Principal	-	338,956	-	-	338,956
Reserved for Employee Benefits	5,943,649	-	5,652	-	5,949,301
Reserved for Other	-	-	5,000	-	5,000
Total Reserved Fund Balances	$5,943,649	$338,956	$276,972	$ -	$ 6,559,577
Unreserved Fund Balances:					
Designated for Fund Purposes	-	-	(79,300)	-	(79,300)
Total Fund Balances	$5,943,649	$338,956	$197,672	$ -	$ 6,480,277
Total Liabilities and Fund Balances	$9,294,603	$354,581	$381,425	$185,254	$10,215,863

STATE OF MINNESOTA

PENSION TRUST FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1985

(IN THOUSANDS)

	DEFINED BENEFIT	DEFINED CONTRIBUTION	INVESTMENT TRUST	COMBINED TOTALS
ASSETS				
Cash	$ (2,317)	$ 63	$ 8	$ (2,246)
Investments	3,400,290	923	3,038,157	6,439,370
Accounts Receivable	13,594	186	24,737	38,517
Accrued Investment Income	1,080	7	54,758	55,845
Due from Other Funds	29,311	21	22,857	52,189
Equity in Investment Trust Funds	2,522,129	184,779	-	2,706,908
Fixed Assets (Net)	855	-	-	855
Other Assets	3,165	-	-	3,165
Total Assets	$5,968,107	$185,979	$3,140,517	$9,294,603
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	$ 739	$ 89	$ 2,056	$ 2,884
Payable to Other Funds	23,109	-	1,042	24,151
Compensated Absences Payable	531	-	-	531
Deferred Revenue	79	-	142	221
Funds Held in Trust	-	185,890	3,137,277	3,323,167
Total Liabilities	$ 24,458	$185,979	$3,140,517	$3,350,954
Fund Balances:				
Reserved for Pension Benefits	$5,943,649	$ -	$ -	$5,943,649
Total Fund Balances	$5,943,649	$ -	$ -	$5,943,649
Total Liabilities and Fund Balances	$5,968,107	$185,979	$3,140,517	$9,294,603

STATE OF MINNESOTA

PENSION TRUST FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES/FUNDS HELD IN TRUST

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

	DEFINED BENEFIT	DEFINED CONTRIBUTION	INVESTMENT TRUST	COMBINED TOTALS
Operating Revenues:				
Contributions	$ 423,004	$ -	$ -	$ 423,004
Investment Income	330,924	5,807	234,544	571,275
Distributed Investment Trust Fund Income	223,148	-	-	223,148
Realized/Unrealized Gain on Investment Trust Fund Equity	-	25,494	-	25,494
Net Realized Gains	-	-	81,979	81,979
Increase in Unrealized Appreciation	-	-	362,648	362,648
Other Income	4,652	524	-	5,176
Total Operating Revenues	$ 981,728	$ 31,825	$ 679,171	$1,692,724
Operating Expenses:				
Annuity Payments	$ 229,944	$ -	$ -	$ 229,944
Refunded Contributions	31,608	-	-	31,608
Salaries and Fringe Benefits	4,407	244	-	4,651
Purchased Services	1,471	170	-	1,641
Investment Management Fees	5,992	-	1,278	7,270
Depreciation	210	-	-	210
Supplies and Materials	170	6	-	176
Indirect Costs	163	6	-	169
Other Expenses	30	-	-	30
Total Operating Expenses	$ 273,995	$ 426	$ 1,278	$ 275,699
Operating Income	$ 707,733	$ 31,399	$ 677,893	$1,417,025
Nonoperating Revenues (Expenses):				
Participant Contributions	$ -	$ 18,219	$ 455,591	$ 473,810
Participant Withdrawals	-	(9,913)	(176,838)	(186,751)
Net Nonoperating Revenues	$ -	$ 8,306	$ 278,753	$ 287,059
Income Before Operating Transfers	$ 707,733	$ 39,705	$ 956,646	$1,704,084
Transfers-In	5,973	47	-	6,020
Transfers-Out	-	(1,065)	-	(1,065)
Net Income	$ 713,706	$ 38,687	$ 956,646	$1,709,039
Recovery of Unrealized Loss on Equity Securities	168,899	-	-	168,899
Increase in Fund Equity	$ 882,605	$ 38,687	$ 956,646	$1,877,938
Fund Balances/Funds Held in Trust, July 1, 1984, as Reported	$5,053,097	$147,203	$2,180,631	$7,380,931
Changes in Reporting Entity	7,947	-	-	7,947
Fund Balances/Funds Held in Trust, July 1, 1984, as Restated	$5,061,044	$147,203	$2,180,631	$7,388,878
Fund Balances/Funds Held in Trust, June 30, 1985	$5,943,649	$185,890	$3,137,277	$9,266,816

STATE OF MINNESOTA

PENSION TRUST FUNDS

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

	DEFINED BENEFIT	DEFINED CONTRIBUTION	INVESTMENT TRUST	COMBINED TOTALS
Cash Provided:				
From Operations:				
Net Income	$ 713,706	$ 38,687	$ 956,646	$1,709,039
Items Added to (Deducted From) Net Income:				
Decrease (Increase) in Current Assets:				
Accounts Receivable	$ 284	$ (16)	$ (13,109)	$ (12,841)
Accrued Investment Income	(113)	(6)	(17,140)	(17,259)
Due From Other Funds	(5,862)	624	(6,536)	(11,774)
Other Current Assets	(3,137)	-	-	(3,137)
Increase (Decrease) in Current Liabilities:				
Accounts Payable	(31,696)	(142)	(23,102)	(54,940)
Compensated Absences Payable	22	-	-	22
Payable to Other Funds	6,384	-	(181)	6,203
Deferred Revenue	79	-	20	99
Depreciation	210	-	-	210
Recovery of Unrealized Loss on Equity Securities	168,899	-	-	168,899
Total Items Added (Deducted)	$ 135,070	$ 460	$ (60,048)	$ 75,482
Total Cash Provided From Operations	$ 848,776	$ 39,147	$ 896,598	$1,784,521
Other Cash Provided:				
Proceeds from the Sale of Fixed Assets	$ 53	$ -	$ -	$ 53
Total Cash Provided	$ 848,829	$ 39,147	$ 896,598	$1,784,574
Cash Applied:				
Investments in Fixed Assets	$ 465	$ -	$ -	$ 465
Reduction of Capital Leases	12	-	-	12
Total Cash Applied	$ 477	$ -	$ -	$ 477
Net Increase in Cash and Investments	$ 848,352	$ 39,147	$ 896,598	$1,784,097
Cash and Investments, July 1,1984, as Reported	5,065,584	146,618	2,141,567	7,353,769
Changes in Reporting Entity	6,166	-	-	6,166
Cash and Investments, July 1,1984, as Restated	$5,071,750	$146,618	$2,141,567	$7,359,935
Cash and Investments, June 30, 1985	$5,920,102	$185,765	$3,038,165	$9,144,032

STATE OF MINNESOTA

DEFINED BENEFIT PENSION FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1985

(IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION		TEACHERS RETIREMENT ASSOCIATION
	PUBLIC EMPLOYEES RETIREMENT	POLICE AND FIRE	TEACHERS RETIREMENT
ASSETS			
Cash	$ (2,478)	$ (123)	$ 275
Investments	995,094	256,204	1,380,219
Accounts Receivable	110	350	8,086
Due from Other Funds	228	41	25,822
Accrued Investment Income	3	2	658
Equity in Investment Trust Funds	822,377	74,286	1,141,684
Fixed Assets (Net)	600	-	160
Other Assets	2,919	246	-
Total Assets	$1,818,853	$331,006	$2,556,904
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 186	$ 17	$ 263
Payable to Other Funds	6,367	327	13,740
Compensated Absences Payable	275	-	140
Deferred Revenue	-	-	-
Total Liabilities	$ 6,828	$ 344	$ 14,143
Fund Balances:			
Reserved for Pension Benefits	$1,812,025	$330,662	$2,542,761
Total Reserved Fund Balances	$1,812,025	$330,662	$2,542,761
Total Liabilities and Fund Balances	$1,818,853	$331,006	$2,556,904

STATE OF MINNESOTA

DEFINED BENEFIT PENSION FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1985

(IN THOUSANDS)

MINNESOTA STATE RETIREMENT SYSTEM					
STATE EMPLOYEES RETIREMENT	STATE PATROL RETIREMENT	JUDICIAL RETIREMENT	ELECTIVE STATE OFFICERS	LEGISLATIVE RETIREMENT	COMBINED TOTALS
$ 3	$ 3	$ 3	$ -	$ -	$ (2,317)
710,894	53,894	3,985	-	-	3,400,290
3,691	323	1,029	2	3	13,594
-	571	-	200	2,449	29,311
373	40	4	-	-	1,080
424,583	44,193	9,029	-	5,977	2,522,129
95	-	-	-	-	855
-	-	-	-	-	3,165
$1,139,639	$99,024	$14,050	$202	$8,429	$5,968,107
$ 153	$ 56	$ 29	$ 4	$ 31	$ 739
2,412	-	263	-	-	23,109
116	-	-	-	-	531
-	-	79	-	-	79
$ 2,681	$ 56	$ 371	$ 4	$ 31	$ 24,458
$1,136,958	$98,968	$13,679	$198	$8,398	$5,943,649
$1,136,958	$98,968	$13,679	$198	$8,398	$5,943,649
$1,139,639	$99,024	$14,050	$202	$8,429	$5,968,107

STATE OF MINNESOTA

DEFINED BENEFIT PENSION FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION		TEACHERS RETIREMENT ASSOCIATION
	PUBLIC EMPLOYEES RETIREMENT	POLICE AND FIRE	TEACHERS RETIREMENT
Operating Revenues:			
Employer Contributions	$ 68,375	$ 15,747	$ 123,505
Employee Contributions	60,564	10,530	64,225
Investment Income	99,325	22,958	136,321
Distributed Investment Trust Fund Income	72,720	6,988	96,403
Other	668	394	581
Total Operating Revenues	$ 301,652	$ 56,617	$ 421,035
Operating Expenses:			
Annuity Payments	$ 90,388	$ 7,616	$ 81,967
Refunded Contributions	13,158	1,032	9,775
Purchased Services	655	40	372
Investment Management Fees	1,789	438	2,447
Salaries and Fringe Benefits	1,897	115	1,438
Depreciation	173	-	20
Supplies and Materials	122	7	19
Other Administrative Expenses	20	10	-
Indirect Costs	50	3	46
Total Operating Expenses	$ 108,252	$ 9,261	$ 96,084
Income Before Operating Transfers	$ 193,400	$ 47,356	$ 324,951
Transfers-In	1,877	75	1,562
Net Income	$ 195,277	$ 47,431	$ 326,513
Recovery of Unrealized Loss on Equity Securities	54,179	11,060	68,311
Net Increase in Fund Balances	$ 249,456	$ 58,491	$ 394,824
Fund Balances, July 1, 1984, as Reported	$1,562,569	$272,171	$2,147,937
Changes in Reporting Entity	-	-	-
Fund Balances, July 1, 1984, as Restated	$1,562,569	$272,171	$2,147,937
Fund Balances, June 30, 1985	$1,812,025	$330,662	$2,542,761

STATE OF MINNESOTA

DEFINED BENEFIT PENSION FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

MINNESOTA STATE RETIREMENT SYSTEM					
STATE EMPLOYEES RETIREMENT	STATE PATROL RETIREMENT	JUDICIAL RETIREMENT	ELECTIVE STATE OFFICERS	LEGISLATIVE RETIREMENT	COMBINED TOTALS
$ 37,625	$ 4,362	$ -	$ -	$ -	$ 249,614
35,220	1,964	501	29	357	173,390
67,090	4,823	407	-	-	330,924
41,294	4,312	811	-	620	223,148
-	-	2,310	95	604	4,652
$ 181,229	$15,461	$ 4,029	$124	$1,581	$ 981,728
$ 42,957	$ 3,971	$ 2,158	$102	$ 785	$ 229,944
7,500	6	1	17	119	31,608
370	15	8	1	10	1,471
1,225	87	6	-	-	5,992
888	28	19	2	20	4,407
17	-	-	-	-	210
21	1	-	-	-	170
-	-	-	-	-	30
60	2	2	-	-	163
$ 53,038	$ 4,110	$ 2,194	$122	$ 934	$ 273,995
$ 128,191	$11,351	$ 1,835	$ 2	$ 647	$ 707,733
2,396	63	-	-	-	5,973
$ 130,587	$11,414	$ 1,835	$ 2	$ 647	$ 713,706
32,810	2,373	166	-	-	168,899
$ 163,397	$13,787	$ 2,001	$ 2	$ 647	$ 882,605
$ 973,561	$85,181	$11,678	$ -	$ -	$5,053,097
-	-	-	196	7,751	7,947
$ 973,561	$85,181	$11,678	$196	$7,751	$5,061,044
$1,136,958	$98,968	$13,679	$198	$8,398	$5,943,649

STATE OF MINNESOTA

DEFINED BENEFIT PENSION FUNDS

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED JUNE 30,1985

(IN THOUSANDS)

	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION		TEACHERS RETIREMENT ASSOCIATION
	PUBLIC EMPLOYEES RETIREMENT	POLICE AND FIRE	TEACHERS RETIREMENT
Cash Provided:			
From Operations:			
Net Income	$ 195,277	$ 47,431	$ 326,513
Items Added to (Deducted from) Net Income:			
Decrease (Increase) in Current Assets:			
Accounts Receivable	$ (70)	$ 72	$ (64)
Accrued Investment Income	1	1	(179)
Due from Other Funds	102	334	(5,522)
Other Current Assets	(2,891)	(246)	-
Increase (Decrease) in Current Liabilities:			
Accounts Payable	(10,177)	(977)	(11,968)
Compensated Absences Payable	(25)	-	24
Payable to Other Funds	(2,121)	150	6,240
Deferred Revenue	-	-	-
Depreciation	173	-	20
Recovery of Unrealized Loss on Equity Securities	54,179	11,060	68,311
Total Items Added (Deducted)	$ 39,171	$ 10,394	$ 56,862
Total Cash Provided from Operations	$ 234,448	$ 57,825	$ 383,375
Other Cash Provided:			
Proceeds From Sale of Fixed Assets	53	-	-
Total Cash Provided	$ 234,501	$ 57,825	$ 383,375
Cash Applied:			
Investments in Fixed Assets	$ 279	$ -	$ 137
Reduction of Capital Leases	12	-	-
Total Cash Applied	$ 291	$ -	$ 137
Net Increase (Decrease) in Cash and Investments	$ 234,210	$ 57,825	$ 383,238
Cash and Investments, July 1, 1984, as Reported	1,580,783	272,542	2,138,940
Changes in Reporting Entity	-	-	-
Cash and Investments, July 1, 1984, as Restated	$1,580,783	$272,542	$2,138,940
Cash and Investments, June 30, 1985	$1,814,993	$330,367	$2,522,178

STATE OF MINNESOTA

DEFINED BENEFIT PENSION FUNDS

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED JUNE 30,1985

(IN THOUSANDS)

MINNESOTA STATE RETIREMENT SYSTEM					
STATE EMPLOYEES RETIREMENT	STATE PATROL RETIREMENT	JUDICIAL RETIREMENT	ELECTIVE STATE OFFICERS	LEGISLATIVE RETIREMENT	COMBINED TOTALS
$ 130,587	$11,414	$ 1,835	$ 2	$ 647	$ 713,706
$ 463	$ (7)	$ (109)	$ 2	$ (3)	$ 284
58	(2)	8	-	-	(113)
-	(571)	-	(5)	(200)	(5,862)
-	-	-	-	-	(3,137)
(7,259)	(525)	(158)	(2)	(630)	(31,696)
23	-	-	-	-	22
1,880	-	235	-	-	6,384
-	-	79	-	-	79
17	-	-	-	-	210
32,810	2,373	166	-	-	168,899
$ 27,992	$ 1,268	$ 221	$(5)	$ (833)	$ 135,070
$ 158,579	$12,682	$ 2,056	$(3)	$ (186)	$ 848,776
-	-	-	-	-	53
$ 158,579	$12,682	$ 2,056	$(3)	$ (186)	$ 848,829
$ 49	$ -	$ -	$ -	$ -	$ 465
-	-	-	-	-	12
$ 49	$ -	$ -	$ -	$ -	$ 477
$ 158,530	$12,682	$ 2,056	$(3)	$ (186)	$ 848,352
976,950	85,408	10,961	-	-	5,065,584
-	-	-	3	6,163	6,166
$ 976,950	$85,408	$10,961	$ 3	$6,163	$5,071,750
$1,135,480	$98,090	$13,017	$ -	$5,977	$5,920,102

STATE OF MINNESOTA

DEFINED CONTRIBUTION FUNDS

COMBINING BALANCE SHEET

JUNE 30, 1985

(IN THOUSANDS)

	MINNESOTA STATE RETIREMENT SYSTEM		TEACHERS RETIREMENT ASSOCIATION	
	UNCLASSIFIED EMPLOYEES RETIREMENT	DEFERRED COMPENSATION	COLLEGE SUPPLEMENTAL RETIREMENT	COMBINED TOTALS
ASSETS				
Cash	$ 3	$ 3	$ 57	$ 63
Investments	720	134	69	923
Accounts Receivable	166	20	-	186
Accrued Investment Income	1	-	6	7
Due from Other Funds	21	-	-	21
Equity in Investment Trust Funds	28,907	88,054	67,818	184,779
Total Assets	$29,818	$88,211	$67,950	$185,979
LIABILITIES				
Accounts Payable	$ 72	$ 17	$ -	$ 89
Funds Held in Trust	29,746	88,194	67,950	185,890
Total Liabilities	$29,818	$88,211	$67,950	$185,979

STATE OF MINNESOTA

DEFINED CONTRIBUTION FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUNDS HELD IN TRUST

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

	MINNESOTA STATE RETIREMENT SYSTEM		TEACHERS RETIREMENT ASSOCIATION	
	UNCLASSIFIED EMPLOYEES RETIREMENT	DEFERRED COMPENSATION	COLLEGE SUPPLEMENTAL RETIREMENT	COMBINED TOTALS
Operating Revenues:				
Investment Income	$ 516	$ 5,276	$ 15	$ 5,807
Realized/Unrealized Gain on Investments in Investment Trust Fund	4,873	6,543	14,078	25,494
Other Income	110	297	117	524
Total Operating Revenues	$ 5,499	$12,116	$14,210	$ 31,825
Operating Expenses:				
Salaries and Fringe Benefits	$ 72	$ 146	$ 26	$ 244
Purchased Services	36	123	11	170
Supplies and Materials	2	3	1	6
Indirect Costs	-	5	1	6
Total Operating Expenses	$ 110	$ 277	$ 39	$ 426
Operating Income	$ 5,389	$11,839	$14,171	$ 31,399
Nonoperating Revenues (Expenses):				
Employer Contributions	$ 2,832	$ -	$ 1,307	$ 4,139
Employee Contributions	1,964	10,809	1,307	14,080
Refunds	(1,589)	(5,951)	(2,373)	(9,913)
Net Nonoperating Revenues	$ 3,207	$ 4,858	$ 241	$ 8,306
Income Before Operating Transfers	$ 8,596	$16,697	$14,412	$ 39,705
Transfers-In	47	-	-	47
Transfers-Out	(1,065)	-	-	(1,065)
Net Income	$ 7,578	$16,697	$14,412	$ 38,687
Funds Held in Trust, July 1, 1984	22,168	71,497	53,538	147,203
Funds Held in Trust, June 30, 1985	$ 29,746	$88,194	$67,950	$185,890

STATE OF MINNESOTA

DEFINED CONTRIBUTION FUNDS

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

	MINNESOTA STATE RETIREMENT SYSTEM		TEACHERS RETIREMENT ASSOCIATION	
	UNCLASSIFIED EMPLOYEES RETIREMENT	DEFERRED COMPENSATION	COLLEGE SUPPLEMENTAL RETIREMENT	COMBINED TOTALS
Cash Provided:				
From Operations:				
Net Income	$ 7,578	$16,697	$14,412	$ 38,687
Items Added to (Deducted from) Net Income:				
Decrease (Increase) in Current Assets:				
Accounts Receivable	$ (13)	$ (4)	$ 1	$ (16)
Accrued Investment Income	-	-	(6)	(6)
Due from Other Funds	624	-	-	624
Increase (Decrease) in Current Liabilities:				
Accounts Payable	(149)	7	-	(142)
Total Items Added (Deducted)	$ 462	$ 3	$ (5)	$ 460
Total Cash Provided from Operations	$ 8,040	$16,700	$14,407	$ 39,147
Cash and Investments, July 1, 1984	21,590	71,491	53,537	146,618
Cash and Investments, June 30, 1985	$29,630	$88,191	$67,944	$185,765

STATE OF MINNESOTA
INVESTMENT TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1985
(IN THOUSANDS)

	MINNESOTA SUPPLEMENTAL INVESTMENT	MINNESOTA POST RETIREMENT INVESTMENT	MINNESOTA VARIABLE ANNUITY	COMBINED TOTALS
ASSETS				
Cash	$ -	$ 8	$ -	$ 8
Investments	284,545	2,634,683	118,929	3,038,157
Security Sales Receivable	1,229	22,992	516	24,737
Due from Other Funds	-	22,857	-	22,857
Accrued Investment Income	3,354	51,021	383	54,758
Total Assets	$289,128	$2,731,561	$119,828	$3,140,517
LIABILITIES				
Security Purchases Payable	$ 1,690	$ -	$ -	$ 1,690
Accounts Payable	107	119	140	366
Payable to Other Funds	-	573	469	1,042
Deferred Revenue	-	142	-	142
Funds Held in Trust:				
Funds Held in Trust	$287,052	$2,410,537	$111,592	$2,809,181
Unrealized Market Gains	179	163,653	11,103	174,935
Undistributed Earnings (Losses)	100	156,537	(3,476)	153,161
Net Funds Held in Trust	$287,331	$2,730,727	$119,219	$3,137,277
Total Liabilities	$289,128	$2,731,561	$119,828	$3,140,517

STATE OF MINNESOTA

INVESTMENT TRUST FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUNDS HELD IN TRUST

YEAR ENDED JUNE 30,1985

(IN THOUSANDS)

	MINNESOTA SUPPLEMENTAL INVESTMENT	MINNESOTA POST RETIREMENT INVESTMENT	MINNESOTA VARIABLE ANNUITY	COMBINED TOTALS
Operating Revenues:				
Investment/Interest Income	$ 19,519	$ 210,953	$ 4,072	$ 234,544
Realized Gains on Investments:				
Proceeds from Security Sales	$109,631	$1,317,481	$ 93,464	$1,520,576
Cost of Securities Sold	108,969	1,240,128	89,500	1,438,597
Net Realized Gains	$ 662	$ 77,353	$ 3,964	$ 81,979
Unrealized Gains (Losses):				
Beginning of Period	$(20,873)	$ (142,028)	$ (6,903)	$ (169,804)
End of Period	18,088	163,653	11,103	192,844
Increase in Unrealized Appreciation	$ 38,961	$ 305,681	$ 18,006	$ 362,648
Total Operating Revenues	$ 59,142	$ 593,987	$ 26,042	$ 679,171
Operating Expenses:				
Investment Management Fees	$ 377	$ 404	$ 497	$ 1,278
Operating Income	$ 58,765	$ 593,583	$ 25,545	$ 677,893
Nonoperating Revenues (Expenses):				
Participant Contributions	$ 15,185	$ 440,324	$ 82	$ 455,591
Participant Withdrawals	(6,564)	(169,059)	(1,215)	(176,838)
Total Nonoperating Revenues (Expenses)	$ 8,621	$ 271,265	$ (1,133)	$ 278,753
Net Income	$ 67,386	$ 864,848	$ 24,412	$ 956,646
Funds Held in Trust, July 1,1984	219,945	1,865,879	94,807	2,180,631
Funds Held in Trust,June 30,1985	$287,331	$2,730,727	$119,219	$3,137,277

STATE OF MINNESOTA

INVESTMENT TRUST FUNDS

COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

	MINNESOTA SUPPLEMENTAL INVESTMENT	MINNESOTA POST RETIREMENT INVESTMENT	MINNESOTA VARIABLE ANNUITY	COMBINED TOTALS
Cash Provided:				
From Operations:				
Net Income	$ 67,386	$ 864,848	$ 24,412	$ 956,646
Items Added to (Deducted from) Net Income:				
Decrease (Increase) in Current Assets:				
Security Sales Receivable	$ (38)	$ (13,403)	$ 332	$ (13,109)
Accrued Investment Income	(274)	(16,851)	(15)	(17,140)
Due from Other Funds	-	(6,536)	-	(6,536)
Increase (Decrease) in Current Liabilities:				
Security Purchases Payable	(1,668)	(19,686)	(1,937)	(23,291)
Accounts Payable	26	119	44	189
Payable to Other Funds	(41)	(322)	182	(181)
Deferred Revenue	-	20	-	20
Total Items Deducted	$ (1,995)	$ (56,659)	$ (1,394)	$ (60,048)
Total Cash Provided From Operations	$ 65,391	$ 808,189	$ 23,018	$ 896,598
Cash and Investments, July 1, 1984	219,154	1,826,502	95,911	2,141,567
Cash and Investments, June 30, 1985	$284,545	$2,634,691	$118,929	$3,038,165

STATE OF MINNESOTA

INVESTMENT TRUST FUNDS

COMBINING SCHEDULE OF PARTICIPATION

JUNE 30, 1985

(IN THOUSANDS)

	MINNESOTA SUPPLEMENT INVESTMENT	MINNESOTA POST RETIREMENT INVESTMENT	MINNESOTA VARIABLE ANNUITY	COMBINED TOTALS
Defined Benefit Pension Funds:				
Teachers Retirement Association:				
Teachers Retirement	$ -	$1,030,092	$111,592	$1,141,684
Minnesota State Retirement System:				
State Employees Retirement	-	424,583	-	424,583
State Patrol Retirement	-	44,193	-	44,193
Judicial Retirement	-	9,029	-	9,029
Legislative Retirement	-	5,977	-	5,977
Public Employees Retirement Association:				
Public Employees Retirement	-	822,377	-	822,377
Police and Fire	-	74,286	-	74,286
Subtotal	$ -	$2,410,537	$111,592	$2,522,129
Defined Contribution Pension Funds:				
Teachers Retirement Association:				
College Supplemental Retirement	$ 67,818	$ -	$ -	$ 67,818
Minnesota State Retirement System:				
Unclassified Employees Retirement	28,907	-	-	28,907
Deferred Compensation	88,054	-	-	88,054
Subtotal	$184,779	$ -	$ -	$ 184,779
Total State Retirement Funds	$184,779	$2,410,537	$111,592	$2,706,908
Non-State Funds	102,273	-	-	102,273
Total Funds Held in Trust for Participants	$287,052	$2,410,537	$111,592	$2,809,181
Unrealized Appreciation on Investments	179	163,653	11,103	174,935
Undistributed Earnings (Losses)	100	156,537	(3,476)	153,161
Total Participation and Undistributed Earnings	$287,331	$2,730,727	$119,219	$3,137,277

STATE OF MINNESOTA

INVESTMENT TRUST FUNDS

COMBINING SUMMARY OF INVESTMENTS

JUNE 30, 1985

(IN THOUSANDS)

	MINNESOTA SUPPLEMENT INVESTMENT	MINNESOTA POST RETIREMENT INVESTMENT	MINNESOTA VARIABLE ANNUITY	COMBINED TOTALS
Bonds and Other Debt Certificates:				
U.S. Government Obligations	$ 58,750	$1,187,836	$ -	$1,246,586
Canadian Government Obligations	2,732	35,717	-	38,449
Public Utilities	8,918	139,126	-	148,044
Finance Industry Corporations	15,030	143,178	11	158,219
Industrial Corporations	11,271	200,927	513	212,711
Transportation Industry Corporations	1,685	25,563	-	27,248
Total Bonds and Other Debt Certificates	$ 98,386	$1,732,347	$ 524	$1,831,257
Common Stock:				
Public Utilities	$ 11,440	$ 64,923	$ 5,834	$ 82,197
Finance Industry Corporations	20,343	116,147	17,594	154,084
Manufacturing Industry Corporations	67,546	329,668	47,077	444,291
Food Industry Corporations	4,903	16,910	3,499	25,312
Retail Industry Corporations	3,755	17,059	5,907	26,721
Transportation Industry Corporations	7,112	35,997	4,676	47,785
Raw Material Industry Corporations	16,099	111,041	9,273	136,413
Other Industries	11,217	37,977	11,801	60,995
Total Common Stock	$142,415	$ 729,722	$105,661	$ 977,798
Short-Term Securities (Cash Equivalents)	$ 43,744	$ 172,614	$ 12,744	$ 229,102
Total Investments	$284,545	$2,634,683	$118,929	$3,038,157

STATE OF MINNESOTA
EXPENDABLE TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1985
(IN THOUSANDS)

	MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY	ENDOWMENT SCHOOL
ASSETS			
Cash	$(2,777)	$(24,233)	$ -
Investments	94,217	161,264	-
Accounts Receivable	62	330	-
Due from Other Funds	2,179	7,206	12,349
Accrued Income	2,379	3,833	-
Loans/Notes Receivable	-	-	-
Total Assets	$96,060	$148,400	$12,349
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 7,102	$ 9,840	$ -
Compensated Absences Payable	-	-	-
Deferred Revenue	-	-	-
Loans Payable	-	-	-
Total Liabilities	$ 7,102	$ 9,840	$ -
Fund Balances:			
Reserved Fund Balances:			
Reserved for Encumbrances	$ 25	$ 60	$ -
Reserved for Long-Term Receivables	-	-	-
Reserved for Local Governments	88,933	138,500	12,349
Reserved for Insurance Benefits	-	-	-
Reserved for Other	-	-	-
Total Reserved Fund Balances	$88,958	$138,560	$12,349
Unreserved Fund Balances:			
Designated for Fund Purposes	-	-	-
Total Fund Balances	$88,958	$138,560	$12,349
Total Liabilities and Fund Balances	$96,060	$148,400	$12,349

STATE OF MINNESOTA
EXPENDABLE TRUST FUNDS
COMBINING BALANCE SHEET
JUNE 30, 1985
(IN THOUSANDS)

ENDOWMENT	NORTHEAST MINNESOTA ECONOMIC PROTECTION	RURAL REHABILITATION TRUST	UNEMPLOYMENT COMPENSATION	INSURANCE TRUST	COMBINED TOTALS
$2,788	$ 51	$ 11	$ (1,767)	$13,130	$(12,797)
4,197	43,329	8,525	15,312	-	326,844
33	-	-	24,954	4,054	29,433
-	-	-	-	-	21,734
129	1,467	162	30	37	8,037
-	7,366	808	-	-	8,174
$7,147	$52,213	$9,506	$ 38,529	$17,221	$381,425
$ 367	$ 540	$ 219	$ 6,420	$11,569	$ 36,057
25	23	7	-	-	55
9	-	-	896	-	905
-	-	-	146,736	-	146,736
$ 401	$ 563	$ 226	$ 154,052	$11,569	$183,753
$ 239	$ 639	$ 289	$ -	$ -	$ 1,252
-	7,364	677	17,245	-	25,286
-	-	-	-	-	239,782
-	-	-	-	5,652	5,652
-	5,000	-	-	-	5,000
$ 239	$13,003	$ 966	$ 17,245	$ 5,652	$276,972
6,507	38,647	8,314	(132,768)	-	(79,300)
$6,746	$51,650	$9,280	$(115,523)	$ 5,652	$197,672
$7,147	$52,213	$9,506	$ 38,529	$17,221	$381,425

STATE OF MINNESOTA

EXPENDABLE TRUST FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

	MUNICIPAL STATE-AID STREET	COUNTY STATE-AID HIGHWAY	ENDOWMENT SCHOOL
Revenues:			
Taxes	$ -	$ -	$ -
Insurance Premiums	-	-	-
Intergovernmental Revenues	-	-	-
Investment Income	8,892	14,427	-
Other Revenues	-	-	-
Gross Revenues	$ 8,892	$ 14,427	$ -
Less Revenue Refunds	-	-	-
Net Revenues	$ 8,892	$ 14,427	$ -
Expenditures:			
Current:			
Protection of persons and Property	$ -	$ -	$ -
Transportation	510	1,638	-
Resource Management	-	-	-
Economic/Manpower Development	-	-	-
Education	-	-	-
Health and Social Services	-	-	-
General Government	-	-	-
Total Current Expenditures	$ 510	$ 1,638	$ -
Debt Service	-	-	-
Grants and Subsidies	59,721	176,767	26,213
Total Expenditures	$ 60,231	$ 178,405	$ 26,213
Excess of Revenues Over (Under) Expenditures	$(51,339)	$(163,978)	$(26,213)
Other Financing Sources (Uses):			
Operating Transfers-In	$ 52,925	$ 175,036	$ 27,048
Operating Transfers-Out	-	-	-
Net Other Financing Sources (Uses)	$ 52,925	$ 175,036	$ 27,048
Excess of Revenues and Other Sources Over Expenditures and Other Uses	$ 1,586	$ 11,058	$ 835
Fund Balances, July 1, 1984	87,372	127,502	11,514
Net Residual Equity Transfers	-	-	-
Fund Balances, June 30, 1985	$ 88,958	$ 138,560	$ 12,349

STATE OF MINNESOTA

EXPENDABLE TRUST FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

ENDOWMENT	NORTHEAST MINNESOTA ECONOMIC PROTECTION	RURAL REHABILITATION TRUST	UNEMPLOYMENT COMPENSATION	INSURANCE TRUST	COMBINED TOTALS
$ -	$ -	$ -	$ 452,998	$ -	$452,998
-	-	-	-	61,577	61,577
14	-	-	25,203	-	25,217
642	4,753	991	1,331	1,619	32,655
5,925	259	-	1,278	-	7,462
$6,581	$ 5,012	$ 991	$ 480,810	$63,196	$579,909
20	-	-	-	-	20
$6,561	$ 5,012	$ 991	$ 480,810	$63,196	$579,889
$ 53	$ -	$ -	$ -	$ -	$ 53
-	-	-	-	-	2,148
189	-	-	-	-	189
66	515	451	-	-	1,032
1,675	-	-	-	-	1,675
396	-	-	-	-	396
588	-	-	-	61,381	61,969
$2,967	$ 515	$ 451	$ -	$61,381	$ 67,462
-	-	-	10,748	-	10,748
2,864	407	514	312,250	-	578,736
$5,831	$ 922	$ 965	$ 322,998	$61,381	$656,946
$ 730	$ 4,090	$ 26	$ 157,812	$ 1,815	$(77,057)
$ 36	$ 1,840	$ -	$ -	$ -	$256,885
(468)	(3,128)	-	-	-	(3,596)
$ (432)	$(1,288)	$ -	$ -	$ -	$253,289
$ 298	$ 2,802	$ 26	$ 157,812	$ 1,815	$176,232
6,471	48,848	9,254	(273,335)	3,837	21,463
(23)	-	-	-	-	(23)
$6,746	$51,650	$9,280	$(115,523)	$ 5,652	$197,672

STATE OF MINNESOTA

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

	BALANCE JULY 1, 1984	INCREASES	DECREASES	BALANCE JUNE 30, 1985
DISBURSEMENTS CLEARING				
ASSETS				
Cash	$ 94,318	$9,335,754	$9,273,976	$156,096
Total Assets	$ 94,318	$9,335,754	$9,273,976	$156,096
LIABILITIES				
Warrants Payable	$ 94,318	$9,335,754	$9,273,976	$156,096
Total Liabilities	$ 94,318	$9,335,754	$9,273,976	$156,096
TAXES CLEARING				
ASSETS				
Cash	$ 9,950	$ 520,116	$ 519,564	$ 10,502
Due from Other Funds	4,657	6,003	4,657	6,003
Total Assets	$ 14,607	$ 526,119	$ 524,221	$ 16,505
LIABILITIES				
Payable to Other Funds	$ 34	$ -	$ 34	$ -
Payable to Other Governments	11,744	521,035	519,564	13,215
Funds Held in Trust	2,829	461	-	3,290
Total Liabilities	$ 14,607	$ 521,496	$ 519,598	$ 16,505
SOCIAL WELFARE				
ASSETS				
Cash	$ 731	$ 11,065	$ 10,814	$ 982
Investments	2,562	5,226	3,640	4,148
Accounts Receivable	47	47	47	47
Due from Other Funds	79	-	79	-
Accrued Income	49	62	49	62
Total Assets	$ 3,468	$ 16,400	$ 14,629	$ 5,239
LIABILITIES				
Accounts Payable	$ 99	$ 178	$ 97	$ 180
Payable to Other Funds	11	-	11	-
Funds Held In Trust	3,358	16,220	14,519	5,059
Total Liabilities	$ 3,468	$ 16,398	$ 14,627	$ 5,239

STATE OF MINNESOTA

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (Continued)

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

	BALANCE JULY 1, 1984	INCREASES	DECREASES	BALANCE JUNE 30, 1985
MISCELLANEOUS AGENCY				
ASSETS				
Cash	$ 2,269	$ 83,919	$ 81,464	$ 4,724
Investments	1,597	2,347	1,678	2,266
Accounts Receivable	571	1,330	1,507	394
Accrued Income	2	2	2	2
Due from Other Funds	487	-	487	-
Deferred Costs	67	6,470	6,509	28
Total Assets	$ 4,993	$ 94,068	$ 91,647	$ 7,414
LIABILITIES				
Accounts Payable	$ 76	$ 2,006	$ 573	$ 1,509
Payable to Other Funds	236	718	236	718
Payable to Other Governments	40	130	41	129
Funds Held in Trust	4,641	91,018	90,601	5,058
Total Liabilities	$ 4,993	$ 93,872	$ 91,451	$ 7,414
TOTAL AGENCY FUNDS				
ASSETS				
Cash	$107,268	$9,950,854	$9,885,818	$172,304
Investments	4,159	7,573	5,318	6,414
Accounts Receivable	618	1,377	1,554	441
Due from Other Funds	5,223	6,003	5,223	6,003
Accrued Income	51	64	51	64
Deferred Costs	67	6,470	6,509	28
Total Assets	$117,386	$9,972,341	$9,904,473	$185,254
LIABILITIES				
Warrants Payable	$ 94,318	$9,335,754	$9,273,976	$156,096
Accounts Payable	175	2,184	670	1,689
Payable to Other Funds	281	718	281	718
Payable to Other Governments	11,784	521,165	519,605	13,344
Funds Held in Trust	10,828	107,699	105,120	13,407
Total Liabilities	$117,386	$9,967,520	$9,899,652	$185,254

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is maintained to account for all fixed assets except those of the enterprise, internal service and fiduciary fund types.

STATE OF MINNESOTA

SCHEDULE OF GENERAL FIXED ASSETS

BY SOURCES

JUNE 30, 1985

(IN THOUSANDS)

General Fixed Assets:	
Land	$ 164,733
Buildings	695,034
Equipment	261,196
Construction in Progress	51,532
Total General Fixed Assets	$1,172,495
Investment in General Fixed Assets:	
Investment in Fixed Assets Acquired Prior to July 1, 1984 - Source Unidentified	$1,078,681
Expenditures from:	
General Fund	17,495
Special Revenue Funds:	
State Airports Fund	151
Game and Fish Fund	2,666
Trunk Highway Fund	24,784
Highway User Tax Distribution Fund	99
Federal Fund	4,103
Special Workers Compensation Fund	49
Miscellaneous Special Revenue Fund	10,108
Capital Projects Funds:	
General Projects Fund	566
Building Fund	33,793
Total Investment in General Fixed Assets	$1,172,495

STATE OF MINNESOTA

SCHEDULE OF GENERAL FIXED ASSETS

BY FUNCTION AND ACTIVITY

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

Function and Activity	LAND	BUILDINGS	EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
Protection of Persons/Property:					
Military Affairs	$ 3,748	$ 32,048	$ 543	$ 644	$ 36,983
Public Safety	-	-	20,746	-	20,746
Others	-	-	61	-	61
Total Protection of Persons/Property	$ 3,748	$ 32,048	$ 21,350	$ 644	$ 57,790
Transportation:					
Transportation	$ 2,567	$ 60,252	$ 98,358	$ 7,521	$ 168,698
Others	-	-	4	-	4
Total Transportation	$ 2,567	$ 60,252	$ 98,362	$ 7,521	$ 168,702
Resource Management:					
Natural Resources	$130,838	$ 23,854	$ 25,204	$ 263	$ 180,159
Pollution Control	-	-	2,478	-	2,478
Others	-	-	43	-	43
Total Resource Management	$130,838	$ 23,854	$ 27,725	$ 263	$ 182,680
Economic/Manpower Development:					
Agriculture	$ -	$ -	$ 1,550	$ -	$ 1,550
Commerce	-	-	457	-	457
Economic Security	258	5,773	9,577	166	15,774
Energy and Economic Development	-	-	651	-	651
Labor and Industry	-	-	1,952	-	1,952
Iron Range Resources and Rehabilitation	244	6,196	2,423	10,238	19,101
Public Services Commission	-	-	963	-	963
Others	-	-	459	-	459
Total Economic/Manpower Development	$ 502	$ 11,969	$ 18,032	$10,404	$ 40,907
Education:					
State University System	$ 7,190	$137,828	$ 38,264	$ 514	$ 183,796
Community College System	7,452	90,822	13,305	3,861	115,440
Vocational Technical Education	-	-	491	-	491
Education	35	9,840	1,867	-	11,742
Higher Education Coordinating Board	-	-	394	-	394
Zoological Garden	1,175	31,318	1,402	-	33,895
Others	-	-	90	-	90
Total Education	$ 15,852	$269,808	$ 55,813	$ 4,375	$ 345,848
Health and Social Services:					
Health	$ -	$ -	$ 3,562	$ -	$ 3,562
Human Services	218	142,679	14,901	1,924	159,722
Veterans Affairs	661	17,070	746	-	18,477
Corrections	109	68,917	8,845	6,289	84,160
Others	-	-	626	-	626
Total Health and Human Services	$ 988	$228,666	$ 28,680	$ 8,213	$ 266,547
General Government:					
Administration (1)	$ 10,238	$ 68,437	$ 5,168	$20,112	$ 103,955
Attorney General	-	-	568	-	568
State Planning	-	-	978	-	978
Governor	-	-	378	-	378
Legislature	-	-	1,347	-	1,347
Supreme Court	-	-	451	-	451
Revenue	-	-	1,243	-	1,243
Others	-	-	1,101	-	1,101
Total General Government	$ 10,238	$ 68,437	$ 11,234	$20,112	$ 110,021
Total General Fixed Assets	$164,733	$695,034	$261,196	$51,532	$1,172,495

(1) Consists primarily of fixed assets located in the capital complex.

STATE OF MINNESOTA

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS

BY FUNCTION AND ACTIVITY

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

Function and Activity	GENERAL FIXED ASSETS JULY 1, 1984	ADDITIONS	DEDUCTIONS/ NET TRANSFERS	GENERAL FIXED ASSETS JUNE 30, 1985
Protection of Persons/Property:				
Military Affairs	$ 36,416	$ 590	$ 23	$ 36,983
Public Safety	17,401	[illegible]	1,325	20,746
Others	14	47	-	61
Total Protection of Persons/Property	$ 53,831	$ 5,307	$ [illegible]	$ 57,790
Transportation:				
Transportation	$ 149,881	$21,224	$ 2,407	$ 168,698
Others	4	-	-	4
Total Transportation	$ 149,885	$21,224	$ 2,407	$ 168,702
Resource Management:				
Natural Resources	$ 171,070	$10,193	$ 1,104	$ 180,159
Pollution Control	2,116	406	44	2,478
Others	30	13	-	43
Total Resource Management	$ 173,216	$10,612	$ 1,148	$ 182,680
Economic/Manpower Development:				
Agriculture	$ 1,146	$ 412	$ 8	$ 1,550
Commerce	434	50	27	457
Economic Security	14,204	1,862	292	15,774
Energy and Economic Development	101	547	(3)	651
Labor and Industry	1,814	148	10	1,952
Iron Range Resources and Rehabilitation	9,484	9,619	2	19,101
Public Services Commission	860	104	1	963
Others	319	155	15	459
Total Economic/Manpower Development	$ 28,362	$12,897	$ 352	$ 40,907
Education:				
State University System	$ 177,615	$ 7,234	$ 1,053	$ 183,796
Community College System	110,484	5,245	289	115,440
Vocational Technical Education	-	491	-	491
Education	11,489	306	53	11,742
Higher Education Coordinating Board	367	64	37	394
Zoological Garden	33,703	191	(1)	33,895
Others	86	4	-	90
Total Education	$ 333,744	$13,535	$ 1,431	$ 345,848
Health and Social Services:				
Health	$ 3,052	$ 533	$ 23	$ 3,562
Human Services	157,111	3,509	898	159,722
Veterans Affairs	18,430	79	32	18,477
Corrections	77,187	7,159	186	84,160
Others	597	39	10	626
Total Health and Human Services	$ 256,377	$11,319	$ 1,149	$ 266,547
General Government:				
Administration (1)	$ 84,815	$16,908	$(2,232)	$ 103,955
Attorney General	544	98	74	568
State Planning	752	248	22	978
Governor	321	80	23	378
Legislature	351	997	1	1,347
Supreme Court	391	71	11	451
Revenue	960	292	9	1,243
Others	891	225	15	1,101
Total General Government	$ 89,025	$18,919	$(2,077)	$ 110,021
Total General Fixed Assets	$1,084,440	$93,813	$ 5,758	$1,172,495

(1) Consists primarily of fixed assets located in the capital complex.

GENERAL LONG-TERM OBLIGATION ACCOUNT GROUP

The General Long-Term Obligation Account Group accounts for unmatured principal of bonds, notes and other forms of long-term indebtedness which are not accounted for in proprietary or fiduciary funds.

STATE OF MINNESOTA

GENERAL LONG-TERM OBLIGATION ACCOUNT GROUP

STATEMENT OF CHANGES IN GENERAL LONG-TERM OBLIGATIONS

YEAR ENDED JUNE 30, 1985

(IN THOUSANDS)

	BALANCE JULY 1, 1984	INCREASE	DECREASE	BALANCE JUNE 30, 1985
Amount Available and to be Provided for Payment of General Long-Term Obligations:				
Amount Available in Debt Service Fund.....	$ 81,210	$208,584	$197,834	$ 91,960
Amount to be Provided:				
General Fund.....	$1,139,882	$277,729	$212,530	$1,205,081
State Airports Fund.....	204	13	-	217
Game and Fish Fund.....	2,523	511	160	2,874
Trunk Highway Fund.....	103,373	35,973	12,840	126,506
Highway User Tax Distribution Fund.....	250	20	-	270
Federal Fund.....	6,799	551	200	7,150
Special Workers Compensation Fund.....	98	309	-	407
Maximum Effort School Loan Fund.....	25,130	9,935	12,455	22,610
Miscellaneous Special Revenue Fund.....	1,570	36	44	1,562
Total Amount to be Provided.....	$1,279,829	$325,077	$238,229	$1,366,677
Total Amount Available and to be Provided.....	$1,361,039	$533,661	$436,063	$1,458,637
General Long-Term Obligations Payable:				
General Obligation Bonds Payable.....	$1,057,945	$266,500	$194,290	$1,130,155
Loans Payable.....	3,836	-	394	3,442
Capital Leases Payable.....	3,929	623	2,252	2,300
Claims and Judgments Payable.....	39,557	33,433	30,520	42,470
Compensated Absences.....	75,215	4,877	-	80,092
Grants and Subsidies Payable.....	180,557	184,712	180,557	184,712
Pension Liabilities.....	-	15,466	-	15,466
Total General Long-Term Obligations...	$1,361,039	$505,611	$408,013	$1,458,637

GENERAL OBLIGATION
DEBT SCHEDULES

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1986-2005
PRINCIPAL PAYMENTS - BOLDFACE INTEREST PAYMENTS - LIGHTFACE
(In Thousands)

FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUT-STANDING 6-30-85	1986	1987	1988	1989	1990	1991
General Fund								
State Building (Voc-Tech)	'75-436	$ 8,700	$ 775	$ 775	$ 775	$ 775	$ 775	$ 775
			453	414	374	334	293	251
State Building, Capital Improvement	X'67-8	13,963	3,469	3,469	3,449	1,789	1,789	-
			655	477	300	159	53	-
	'69-1159	41,407	7,336	7,336	7,336	7,336	7,336	4,725
			2,076	1,685	1,294	899	504	185
	'71-963	44,498	5,368	5,368	5,368	5,368	5,368	5,368
			1,910	1,646	1,382	1,112	841	566
	'73-778	25,819	2,329	2,329	2,329	2,329	2,329	2,329
			1,267	1,156	1,045	931	816	699
	'74-541	2,048	205	205	205	205	205	205
			110	100	88	77	65	53
	'75-436	10,112	847	847	847	847	847	847
			495	454	414	374	333	292
	'76-348	32,505	2,693	2,693	2,693	2,693	2,693	2,693
			1,556	1,436	1,316	1,193	1,068	941
	'77-421	5,625	375	375	375	375	375	375
			358	333	308	282	260	237
	'77-451	23,856	1,743	1,743	1,743	1,743	1,743	1,743
			1,267	1,171	1,078	984	896	807
	'78-792	80,951	5,345	5,345	5,345	5,345	5,345	5,345
			5,650	5,274	4,909	4,544	4,196	3,813
	'79-300	2,119	131	131	131	131	131	131
			170	159	149	140	130	119
	'79-301	36,452	2,403	2,403	2,403	2,403	2,403	2,403
			2,425	2,257	2,092	1,927	1,777	1,626
	'79-338	46,749	2,748	2,748	2,748	2,748	2,748	2,748
			4,060	3,833	3,610	3,387	3,160	2,880
	'81-4	23,676	1,330	1,330	1,330	1,330	1,330	1,330
			2,188	2,078	1,961	1,844	1,726	1,566
	'81-304	18,109	979	979	979	979	979	979
			1,611	1,530	1,446	1,361	1,276	1,172
	'81-334'	1,900	100	100	100	100	100	100
			159	151	143	134	126	117
	'81-361	6,245	345	345	345	345	345	345
			567	539	509	478	448	408
	'81-362	48,668	2,726	2,726	2,726	2,726	2,726	2,726
			4,235	4,016	3,782	3,548	3,314	3,073
	'82-639	871	46	46	46	46	46	46
			73	69	65	61	58	54
	'83-344	92,709	5,411	5,411	5,411	5,411	5,411	5,411
			8,065	7,618	7,152	6,685	6,219	5,750
	'84-597	44,780	2,986	2,986	2,986	2,986	2,986	2,986
			3,975	3,712	3,449	3,187	2,924	2,660
State School Energy Building Bonds	'83-323	9,500	1,000	1,000	1,000	1,000	1,000	1,000
			800	719	632	546	459	373
Refunding Bonds	'85-16A.66	106,565	-	-	-	-	-	-
			5,839	8,759	8,759	8,759	8,759	8,759

Note: Columns may not add due to rounding.

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1986-2005
PRINCIPAL PAYMENTS - BOLDFACE INTEREST PAYMENTS - LIGHTFACE
(In Thousands)

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
$ 775	$ 775	$ 775	$ 775	$ 775	$ 175	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
207	163	119	76	34	9	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
5,368	2,268	2,268	1,268	685	435	-	-	-	-	-	-	-	-
441	314	190	95	43	12	-	-	-	-	-	-	-	-
2,329	2,329	2,329	1,829	1,566	1,358	53	53	-	-	-	-	-	-
580	459	337	229	141	65	6	3	-	-	-	-	-	-
205	205	205	205	-	-	-	-	-	-	-	-	-	-
41	29	16	5	-	-	-	-	-	-	-	-	-	-
847	847	847	847	847	795	-	-	-	-	-	-	-	-
249	205	162	117	72	29	-	-	-	-	-	-	-	-
2,693	2,693	2,693	2,693	2,693	2,693	93	93	-	-	-	-	-	-
810	679	544	409	271	132	11	5	-	-	-	-	-	-
375	375	375	375	375	375	375	375	375	-	-	-	-	-
215	192	169	145	122	98	73	49	24	-	-	-	-	-
1,743	1,743	1,743	1,743	1,743	1,743	1,743	1,193	-	-	-	-	-	-
718	628	537	445	352	258	164	69	-	-	-	-	-	-
5,345	5,345	5,345	5,345	5,345	5,345	5,345	5,345	3,685	2,020	416	-	-	-
3,396	3,004	2,640	2,270	1,895	1,513	1,128	739	347	72	-	-	-	-
131	131	131	131	131	131	131	131	131	131	6	6	6	-
109	99	88	77	66	55	43	31	20	8	2	1	1	-
2,403	2,403	2,403	2,403	2,403	2,403	2,403	2,403	2,403	403	-	-	-	-
1,474	1,320	1,163	1,005	845	682	516	351	184	18	-	-	-	-
2,748	2,748	2,748	2,748	2,748	2,748	2,748	2,748	2,748	2,748	1,370	703	703	-
2,546	2,260	2,022	1,781	1,536	1,287	1,035	781	524	301	175	112	49	-
1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,330	1,329	1,201	1,201	664	664	-
1,363	1,202	1,080	958	835	710	583	455	326	231	171	111	51	-
979	979	979	979	979	979	979	979	979	979	979	733	733	-
1,048	942	856	769	681	593	504	414	323	244	178	112	46	-
100	100	100	100	100	100	100	100	100	100	100	100	100	-
109	100	92	83	75	66	58	49	41	32	23	14	5	-
345	345	345	345	345	345	345	345	345	330	330	208	208	-
359	318	287	256	224	193	160	128	95	69	50	32	13	-
2,726	2,726	2,726	2,726	2,726	2,726	2,726	2,726	2,724	1,983	1,983	1,906	1,906	-
2,825	2,584	2,348	2,110	1,871	1,627	1,379	1,129	878	665	493	322	150	-
46	46	46	46	46	46	46	46	46	46	46	46	46	-
50	46	42	38	34	30	26	23	19	14	10	6	2	-
5,411	5,411	5,411	5,411	5,411	5,411	5,411	5,411	5,402	2,889	2,889	2,889	2,889	-
5,280	4,810	4,339	3,863	3,381	2,891	2,394	1,892	1,386	1,000	740	480	220	-
2,986	2,986	2,986	2,986	2,986	2,986	2,986	2,986	2,976	-	-	-	-	-
2,394	2,128	1,861	1,588	1,308	1,023	734	443	149	-	-	-	-	-
1,000	1,000	1,000	500	-	-	-	-	-	-	-	-	-	-
286	199	111	23	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	4,965	13,815	13,835	13,765	13,605	13,285	15,915	8,735	8,645
8,759	8,759	8,759	8,759	8,759	8,568	7,824	6,711	5,586	4,461	3,348	2,128	1,093	363

Note: Columns may not add due to rounding.

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1986-2005
PRINCIPAL PAYMENTS - BOLDFACE INTEREST PAYMENTS - LIGHTFACE
(In Thousands)

FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUTSTANDING 6-30-85	1986	1987	1988	1989	1990	1991
State Building (Natural Resources)	'75-415	$ 12,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
			596	546	497	448	399	348
Pollution Control	X'71-20	15,363	1,738	1,738	1,738	1,738	1,738	1,738
			328	270	243	215	187	158
	'73-771	11,888	1,013	1,013	1,013	1,013	1,013	1,013
			577	532	486	438	390	341
	'75-354	21,000	1,450	1,450	1,450	1,450	1,450	1,450
			1,251	1,160	1,070	979	898	816
	'77-418	750	50	50	50	50	50	50
			48	44	41	38	35	32
	'79-285	13,095	735	735	735	735	735	735
			1,235	1,171	1,106	1,041	975	874
State Building (Parks and Recreation)	'77-421	35,100	2,700	2,700	2,700	2,700	2,700	2,700
			1,675	1,540	1,419	1,297	1,173	1,049
State Transportation	'76-339	15,000	1,250	1,250	1,250	1,250	1,250	1,250
			704	651	598	543	486	429
	'77-277	33,100	2,500	2,500	2,500	2,500	2,500	2,500
			1,645	1,515	1,395	1,275	1,156	1,037
	'79-280	26,475	1,675	1,675	1,675	1 M52\	6M52\	6M52\
			1,996	1,866	1,742	1,618	1 M782	6M125
	'80-610	12,930	710	710	710	710	710	710
			1,117	1,061	1,000	939	879	818
	'81-361	11,050	650	650	650	650	650	650
			1,131	1,073	1,014	954	893	781
	'84-597	9,000	600	600	600	600	600	600
			799	746	693	640	588	53[illegible]
Vietnam Veterans' Bonus	'73-204	27,000	3,000	3,000	3,000	3,000	3,000	3,000
			1,220	1,081	940	797	655	512
Waste Management	'80-564	5,090	290	290	290	290	290	290
			424	401	378	355	332	308
Zoological Gardens	'73-207	16,325	1,500	1,525	1,575	1,625	1,650	1,700
			844	767	686	601	513	421
Total General Fund		$ 992,990	$ 71,550	$ 71,575	$ 71,605	$ 69,995	$ 70,020	$ 65,670
			65,555	64,011	59,562	55,125	50,752	46,233
Trunk Highway Fund	'59-538	$ 90	$ 90	$ -	$ -	$ -	$ -	$ -
Trunk Highway			-	-	-	-	-	-
	'67-873	17,800	5,400	5,500	5,600	1,300	-	-
			644	406	168	24	-	-
	'77-277	38,200	2,500	2,500	2,500	2,500	2,500	2,500
			2,475	2,318	2,168	2,019	1,868	1,716
	'83-17	54,950	3,385	3,385	3,385	3,385	3,385	3,385
			4,822	4,535	4,241	3,946	3,652	3,356
Total Trunk Highway Fund		$ 111,040	$ 11,375	$ 11,385	$ 11,485	$ 7,185	$ 5,885	$ 5,885
			7,941	7,259	6,577	5,989	5,519	5,072

Note: Columns may not add due to rounding.

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1986-2005
PRINCIPAL PAYMENTS - BOLDFACE INTEREST PAYMENTS - LIGHTFACE
(In Thousands)

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
$ 1,000	**$ 1,000**	**$ 1,000**	**$ 1,000**	**$ 1,000**	**$ 1,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
296	244	191	138	83	28	-	-	-	-	-	-	-	-
1,738	**1,738**	**488**	**488**	**488**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
128	98	68	40	13	-	-	-	-	-	-	-	-	-
1,013	**1,013**	**1,013**	**1,013**	**1,013**	**750**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
290	239	186	134	82	39	-	-	-	-	-	-	-	-
1,450	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**1,450**	**700**	**-**	**-**	**-**	**-**	**-**
734	651	567	482	397	310	222	134	46	-	-	-	-	-
50	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**50**	**-**	**-**	**-**	**-**	**-**
29	26	22	19	16	13	10	7	3	-	-	-	-	-
735	**735**	**735**	**735**	**735**	**735**	**735**	**735**	**735**	**735**	**735**	**300**	**300**	**-**
740	639	570	501	431	360	289	218	145	95	68	41	14	-
2,700	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**	**2,700**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
922	794	664	535	402	270	135	-	-	-	-	-	-	-
1,250	**1,250**	**1,250**	**1,250**	**1,250**	**1,250**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
369	310	249	188	125	63	-	-	-	-	-	-	-	-
2,500	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**600**	**-**	**-**	**-**	**-**	**-**	**-**
916	793	669	545	419	292	164	35	-	-	-	-	-	-
1,675	**1,675**	**1,675**	**1,675**	**1,675**	**1,675**	**1,675**	**1,675**	**1,674**	**825**	**175**	**175**	**175**	**-**
1,253	1,129	1,003	876	746	614	480	346	211	84	39	24	8	-
710	**710**	**710**	**710**	**710**	**710**	**710**	**710**	**710**	**570**	**570**	**570**	**570**	**-**
757	696	635	574	512	450	386	322	257	199	147	96	45	-
650	**650**	**650**	**650**	**650**	**650**	**650**	**650**	**650**	**650**	**650**	**-**	**-**	**-**
618	505	440	375	308	241	173	105	35	-	-	-	-	-
600	**600**	**600**	**600**	**600**	**600**	**600**	**600**	**598**	**-**	**-**	**-**	**-**	**-**
481	428	374	319	263	206	148	89	30	-	-	-	-	-
3,000	**3,000**	**3,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
367	221	74	-	-	-	-	-	-	-	-	-	-	-
290	**290**	**290**	**290**	**290**	**290**	**290**	**290**	**290**	**290**	**150**	**150**	**150**	**-**
285	261	237	212	188	163	137	111	85	59	39	26	12	-
1,750	**1,800**	**1,875**	**1,175**	**75**	**75**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
325	225	121	39	8	4	-	-	-	-	-	-	-	-
$ 60,995	**$ 57,945**	**$ 56,770**	**$51,070**	**$48,420**	**$51,525**	**$51,990**	**$46,860**	**$42,415**	**$29,505**	**$24,885**	**$24,365**	**$17,185**	**$8,645**
41,767	37,697	33,833	30,078	26,538	22,889	18,762	14,638	10,714	7,552	5,484	3,503	1,707	363
$ -	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	-	-	-	-	-	-	-	-	-	-	-	-	-
2,500	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**2,500**	**950**	**950**	**950**	**950**	**950**	**950**	**-**
1,562	1,408	1,253	1,098	941	784	626	468	385	299	214	128	43	-
3,385	**3,385**	**3,385**	**3,385**	**3,385**	**3,385**	**3,385**	**3,385**	**3,360**	**1,050**	**1,050**	**1,050**	**1,050**	**-**
3,059	2,762	2,464	2,161	1,853	1,539	1,221	900	577	367	272	178	83	-
$ 5,885	**$ 5,885**	**$ 5,885**	**$ 5,885**	**$ 5,885**	**$ 5,885**	**$ 5,885**	**$ 4,335**	**$ 4,310**	**$ 2,000**	**$ 2,000**	**$ 2,000**	**$ 2,000**	**$ -**
4,621	4,170	3,716	3,259	2,794	2,324	1,847	1,368	962	666	486	306	126	-

Note: Columns may not add due to rounding.

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1986-2005
PRINCIPAL PAYMENTS - BOLDFACE INTEREST PAYMENTS - LIGHTFACE
(In Thousands)

FUND & TYPE	AUTHORIZATION YEAR-CHAPTER	AMOUNT OUT-STANDING 6-30-85	1986	1987	1988	1989	1990	1991
Employment Services Administration Fund								
State Building, Capital Improvement	'65-532	$ 180	$ 180	$ -	$ -	$ -	$ -	$ -
			3	-	-	-	-	-
	X'67-8	60	20	20	20	-	-	-
			2	1	-	-	-	-
Total Employment Services Administration Fund		$ 240	$ 200	$ 20	$ 20	$ -	$ -	$ -
			5	1	-	-	-	-
Maximum Effort School Loan Fund								
School Loans	'65-875	$ 900	$ 900	$ -	$ -	$ -	$ -	$ -
			15	-	-	-	-	-
	'67-583	1,330	245	245	280	280	280	-
			71	57	41	25	8	-
	'69-1056	11,340	1,441	1,441	1,506	1,506	1,506	486
			621	538	454	367	281	225
	'80-545	2,380	149	149	149	149	149	149
			190	178	167	156	144	133
Refunding Bonds	'85-16A.66	9,935	-	-	-	-	-	-
			544	817	817	817	817	817
Total Maximum Effort School Loan Fund		$ 25,885	$ 2,735	$ 1,835	$ 1,935	$ 1,935	$ 1,935	$ 635
			1,442	1,589	1,478	1,364	1,250	1,174
State University Board Revenue Bond Fund	'69-1152	$ 8,525	$ 355	$ 380	$ 400	$ 420	$ 2,855	$ 4,115
			471	451	430	407	313	222
	'73-759	5,625	200	200	200	200	200	200
			282	272	261	251	241	231
Total State University Board Revenue Bond Fund		$ 14,150	$ 555	$ 580	$ 600	$ 620	$ 3,055	$ 4,315
			753	723	691	658	554	453
Total Principal - All Funds		$1,144,305	$ 86,415	$ 85,395	$ 85,645	$ 79,735	$ 80,895	$ 76,505
Total Interest - All Funds			75,696	73,584	68,308	63,137	58,076	52,932
Total Debt Services - All Funds			$162,111	$158,979	$153,953	$142,872	$138,971	$129,437

Note: Columns may not add due to rounding.

STATE OF MINNESOTA
GENERAL OBLIGATION DEBT
SCHEDULED DEBT SERVICE FOR FISCAL YEARS 1986-2005
PRINCIPAL PAYMENTS - BOLDFACE INTEREST PAYMENTS - LIGHTFACE
(In Thousands)

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
486	486	486	486	486	486	186	186	111	51	-	-	-	-
198	171	144	117	89	61	36	24	11	2	-	-	-	-
149	149	149	149	149	149	149	149	149	149	-	-	-	-
121	110	98	85	73	60	47	33	20	7	-	-	-	-
-	-	-	-	-	460	1,285	1,290	1,285	1,270	1,240	1,485	815	805
817	817	817	817	817	799	730	626	521	416	312	198	102	34
$ 635	$ 635	$ 635	$ 635	$ 635	$ 1,095	$ 1,620	$ 1,625	$ 1,545	$ 1,470	$ 1,240	$ 1,485	$ 815	$ 805
1,136	1,098	1,058	1,019	978	919	813	683	552	425	312	198	102	34
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-	-	-	-	-	-
200	200	4,025	-	-	-	-	-	-	-	-	-	-	-
221	210	103	-	-	-	-	-	-	-	-	-	-	-
$ 200	$ 200	$ 4,025	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
221	210	103	-	-	-	-	-	-	-	-	-	-	-
$ 67,715	$ 64,665	$ 67,315	$57,590	$54,940	$58,505	$59,495	$52,820	$48,270	$32,975	$28,125	$27,850	$20,000	$9,450
47,746	43,174	38,711	34,355	30,310	26,132	21,442	16,689	12,227	8,643	6,282	4,008	1,935	397
$115,461	$107,839	$106,026	$91,945	$85,250	$84,637	$80,937	$69,509	$60,497	$41,618	$34,407	$31,858	$21,935	$9,847

Note: Columns may not add due to rounding.

STATE OF MINNESOTA
AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT
BY PURPOSE AS OF JULY 1, 1985
(In Thousands)

Authorization Year-Chapter	Type	Total Authorized	Components/Purpose	Amounts Authorized	Issued	Net Authorized Unissued
1971-856(1)	Municipal Aid	$ 4,330	Municipal Aid	$ 4,330	$ 0	$ 4,330
M.S. 116.18	Water Pollution Control	156,000	Prevention, Control, Abatement of Water Pollution	156,000	122,100	33,900
1979-280	Transportation	52,000	County, Municipal and Township Bridges	52,000	38,500	13,500
1979-300	Building	3,775	Public Dam Reconstruction	3,775	3,135	640
1980-545	School Loans	20,000	Acquisition and Betterment of Public School Land and Buildings	20,000	13,775	6,225
1980-564	Waste Management	15,000	Waste Processing Facility Assistance	8,800		
			Acquisition of Real Property for Hazardous Waste Facility Sites	6,200	5,800	9,200
1981-334(1)	Building	46,315	District Heating System	46,315	3,065	43,250
1983-323	Building	30,000	School Energy	30,000	10,000	20,000
1983-344(1)	Building	104,785	Administration	22,965		
			Natural Resources	20,327		
			Energy, Planning and Development	17,325		
			Military Affairs	360		
			Education	850		
			State Universities	3,360		
			Community Colleges	470		
			University of Minnesota	16,931		
			Corrections	17,000		
			Human Services	2,805		
			Historical Society	2,280		
			Other	112	95,598	9,187
1984-597	Building	127,540	Administration	5,570		
			Natural Resources	6,798		
			Iron Range Resources and Rehabilitation Board	1,120		
			Military Affairs	363		
			Historical Society	3,000		
			Education	7,706		
			Community Colleges	21,738		
			State Universities	15,780		
			University of Minnesota	55,951		
			Capitol Area Architectural Planning Board	1,550		
			Corrections	100		
			Supreme Court	200		
			Human Services	280		
			Interest Rate Reduction	7,230		
			Other	154	44,780	82,760

STATE OF MINNESOTA
AUTHORIZED BUT UNISSUED GENERAL OBLIGATION DEBT
BY PURPOSE AS OF JULY 1, 1985 (Continued)
(In Thousands)

Authorization Year-Chapter	Type	Total Authorized	Components/Purpose	Amounts Authorized	Issued	Net Authorized Unissued
1984-597	Transportation	$ 16,000	Railroad Rehabilitation	$ 12,000	$	$
			Local Interstate Substitution	4,000	9,000	7,000
1985-15	Building	154,865	Supreme Court	2,450		
			Administration	7,778		
			Natural Resources	10,915		
			Energy and Economic Development	28,975		
			Military Affairs	1,130		
			Agriculture	1,500		
			Historical Society	5,700		
			Education	515		
			Vocational Technical Education	7,088		
			Community Colleges	4,807		
			State Universities	12,589		
			University of Minnesota	71,243		
			Other	175	0	154,865
1985-15	Transportation	2,035	Interstate Substitution	2,035	0	2,035
1985-15	Waste Management	11,400	Waste Processing Facility Assistance	11,400	0	11,400
	Total Authorized, Unissued(2)					$398,292

(1) Laws 1984, Chapter 597 reduced Building Bond authorizations as follows: Laws 1981, Chapter 334 by $3,685,000; and Laws 1983, Chapter 344 by $7,660,000. Laws 1984, Chapter 597 also reduced the Municipal Aid Bonds authorization in Laws 1971, Chapter 856 by $15,670,000.

(2) Laws 1984, Chapter 597 authorizes the increase of all authorized and unissued bonds, as authorized before 1984, by 5 percent for payments made under contracts for interest rate reduction measures.

STATISTICAL SECTION

The following usual statistical tables are not included because they are not applicable to the state's operations: all tables relating to property tax levies and collections; computation of legal debt margin, and computation of overlapping debt. Minnesota data privacy laws prevent disclosure of the names of principal taxpayers.

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS
FISCAL YEARS 1976-1985
(In Thousands)

	1976	1977	1978	1979
Individual Income Taxes	$1,066,369	$1,211,200	$1,385,963	$1,640,604
Corporate Income Taxes	203,256	263,737	293,646	347,284
Sales Tax	430,842	468,543	539,387	610,473
Gross Earning Taxes	95,353	111,628	120,174	137,492
Motor Vehicle Excise Tax	61,818	73,364	84,347	96,067
Motor Vehicle Licenses	91,878	98,651	111,430	116,703
Gasoline and Special Fuel Taxes	200,820	210,284	217,860	228,716
Other Taxes	262,914	306,105	319,051	392,041
Federal Grants	720,364	796,799	865,466	958,880
Other Revenue	228,968	210,471	230,648	257,555
Gross Revenue	$3,362,582	$3,750,782	$4,167,972	$4,786,715
Less Revenue Refunds	266,970	213,282	236,462	286,717
Net Revenue	$3,095,612	$3,537,500	$3,931,510	$4,499,998

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION & NET TRANSFERS OUT (1)
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS
FISCAL YEARS 1976-1985
(In Thousands)

	1976	1977	1978	1979
Current Expenditures:				
Protection of Persons/Property	$ 44,964	$ 46,668	$ 57,322	$ 61,918
Transportation	114,280	124,230	134,054	144,073
Resource Management	44,166	60,458	55,069	61,676
Economic/Manpower Development	53,306	55,906	60,904	84,493
Education	136,608	141,989	157,037	167,373
Health and Social Services	157,771	181,541	201,745	205,026
General Government	62,323	73,313	78,848	81,671
Capital Outlay	177,781	198,959	194,686	98,382
Debt Service	75,380	82,813	85,415	99,856
Grants and Subsidies	2,190,925	2,597,805	2,876,802	3,127,424
Total Expenditures	$3,057,504	$3,563,682	$3,901,882	$4,131,890
Net Operating Transfers Out	113,195	151,847	169,163	120,205
Total Expenditures and Net Transfers Out	$3,170,699	$3,715,529	$4,071,045	$4,252,095

(1) Net operating transfers out also includes bond proceeds of the Trunk Highway (a special revenue fund) which were $31,000,000, $40,000,000 and $35,000,000 in fiscal years 1978, 1984 and 1985 respectively. Revenues and expenditures are accounted for on the modified accrual basis for fiscal years 1980-1985 and on the state's budgetary basis for fiscal years 1976-1979.

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS
FISCAL YEARS 1976-1985
(In Thousands)

1980	1981	1982	1983	1984	1985
$1,749,125	$1,892,685	$1,992,351	$2,304,202	$2,642,957	$2,638,570
375,510	352,462	358,300	287,296	340,027	420,235
652,442	690,765	879,288	1,013,837	1,264,135	1,357,131
133,470	141,268	139,185	176,160	147,128	133,041
88,771	87,227	103,888	123,897	179,188	197,213
128,998	136,570	153,447	178,016	198,685	228,017
215,875	241,715	280,174	282,485	348,081	360,517
388,185	356,502	378,796	360,061	355,369	409,425
1,133,867	1,309,202	1,213,462	1,237,041	1,395,774	1,462,835
286,192	314,341	345,318	405,644	465,383	640,057
$5,152,435	$5,522,737	$5,844,209	$6,368,639	$7,336,727	$7,847,041
416,918	433,846	405,577	463,509	451,801	558,406
$4,735,517	$5,088,891	$5,438,632	$5,905,130	$6,884,926	$7,288,635

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION & NET TRANSFERS OUT (1)
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS
FISCAL YEARS 1976-1985
(In Thousands)

1980	1981	1982	1983	1984	1985
$ 67,431	$ 74,228	$ 77,322	$ 80,146	$ 87,285	$ 94,708
155,287	160,639	171,483	185,370	205,123	219,422
68,858	79,807	83,735	90,298	99,045	109,707
97,578	108,508	108,738	112,327	131,407	139,395
187,577	199,967	300,333	238,945	299,428	293,380
225,037	243,305	251,701	269,724	306,188	324,254
90,175	94,704	101,976	114,661	117,542	136,136
272,885	242,500	181,532	158,543	236,173	348,670
103,899	121,051	154,413	222,010	164,178	289,324
3,482,126	3,747,219	4,405,069	3,668,006	4,625,102	4,953,819
$4,750,853	$5,071,928	$5,836,302	$5,140,030	$6,271,471	$6,908,815
278,594	150,172	180,364	148,699	179,230	197,735
$5,029,447	$5,222,100	$6,016,666	$5,288,729	$6,450,701	$7,106,550

ASSESSED VALUE OF TAXABLE PROPERTY
1976-1985

Year of Assessment	Real Property	Personal Property	Total Assessed Value	Percentage Increase Per Year
1976	13,631,238,697	401,241,961	14,032,480,658	9.73%
1977	14,214,797,070	417,352,695	14,632,149,765	4.27
1978	15,477,077,792	444,909,746	15,921,987,538	8.82
1979	17,614,740,615	473,975,246	18,088,715,861	13.61
1980	21,369,562,328	515,956,691	21,885,519,019	20.99
1981	24,355,839,165	657,198,624	25,013,037,789	14.29
1982	26,859,320,940	719,236,489	27,578,557,429	10.26
1983	27,607,487,699	763,308,989	28,370,796,688	2.87
1984	28,146,949,826	797,620,554	28,944,570,380	2.02
1985 (Est)	27,787,684,000	852,769,000	28,640,453,000	-1.05

Source: Minnesota Department of Revenue.

MARKET VALUE OF TAXABLE PROPERTY
1976-1985

Year of Assessment	Real Property	Personal Property	Total Market Value	Percentage Increase Per Year
1976	39,400,435,166	946,764,755	40,347,199,921	10.00%
1977	44,250,184,445	984,260,913	45,234,445,358	12.11
1978	50,734,390,752	1,052,941,093	51,787,331,845	14.49
1979	64,409,727,924	1,127,182,838	65,536,910,762	12.55
1980	90,485,938,695	1,223,819,987	91,709,758,682	39.94
1981	103,331,241,893	1,557,557,879	104,888,799,772	14.37
1982	113,238,393,070	1,704,442,662	114,942,835,732	9.59
1983	118,292,311,502	1,807,739,604	120,100,051,106	4.49
1984	120,668,207,126	1,892,326,701	122,560,533,827	2.05
1985 (Est)	119,115,616,000	2,020,798,000	121,136,414,000	-1.16

Source: Minnesota Department of Revenue.

SCHEDULE OF RATIO OF GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
OF TAXABLE PROPERTY AND GENERAL OBLIGATION BONDED DEBT PER CAPITA

Year	General Obligation Bonded Debt (In Thousands)	Percent Debt to Assessed Value(1)	Bonded Debt Per Capita
1976	$ 588,121	4.32%	$148.6
1977	714,167	5.02	179.4
1978	792,013	5.12	197.8
1979	819,003	4.65	202.8
1980	863,725	4.04	211.9
1981	885,412	3.64	215.3
1982	937,619	3.49	226.9
1983	921,800	3.34	222.4
1984	1,057,945	3.76	254.2
1985	1,130,155	4.07	267.7

(1) Includes real property only.

SCHEDULE OF RATIO OF ANNUAL DEBT SERVICE FOR GENERAL OBLIGATION
BONDED DEBT TO GENERAL EXPENDITURES
(In Thousands)

Year	Principal	Interest	Total Debt Service	General Expenditures	Percent of Expenditures
1976	$45,221	$28,335	$ 73,556	$3,057,504	2.41%
1977	47,955	33,039	80,994	3,563,682	2.27
1978	56,154	27,451	83,605	3,901,882	2.14
1979	61,510	36,089	97,599	4,131,890	2.36
1980	65,278	38,247	103,525	4,750,853	2.18
1981	68,313	46,413	114,726	5,071,928	2.26
1982	72,793	49,667	122,460	5,836,302	2.10
1983	78,819	59,042	137,861	5,140,030	2.68
1984	77,855	61,486	139,341	6,271,471	2.22
1985	84,890	71,578	156,468	6,908,815	2.26

STATE OF MINNESOTA
SCHEDULE OF REVENUE BOND COVERAGE
HOUSING FINANCE AGENCY
PROGRAMS FUND
LAST TEN FISCAL YEARS
(In Thousands Except Coverage)

Year	Loan Repayments	Gross Revenue	Direct Operating Expenses (1)	Net Available For Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage (2)
1976	$20,565	$ 11,122	$ 126	$ 31,561	$15,550	$ 10,422	$ 25,972	1.22
1977	16,382	17,586	380	33,588	86,925	15,803	102,728	0.33
1978	20,963	33,602	710	53,855	52,543	26,946	79,489	0.68
1979	23,079	60,750	1,126	82,703	14,336	44,400	58,736	1.41
1980	19,689	72,438	1,581	90,546	16,725	52,465	69,190	1.31
1981	22,338	92,030	2,023	112,345	23,797	67,471	91,268	1.23
1982	39,842	102,180	2,284	139,738	28,771	74,182	102,953	1.36
1983	34,569	112,973	5,275	142,267	92,907	92,612	185,519	0.77
1984	46,648	127,350	3,416	170,582	37,675	104,467	142,142	1.20
1985	40,750	148,800	3,448	186,102	52,695	120,173	172,868	1.08

(1) Depreciation and amortization expenses are not included.
(2) Other sources of funds not reflected above for revenue bond coverage are: federal grants and subsidies, state appropriations and fund reserves.

STATE OF MINNESOTA
SCHEDULE OF REVENUE BOND COVERAGE
HIGHER EDUCATION FACILITIES AUTHORITY
LAST TEN FISCAL YEARS
(In Thousands Except Coverage)

Year	Loan Repayments	Gross Revenue	Direct Operating Expenses (1)	Net Available For Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage (2)
1976	$ -	$2,768	$ 8	$2,760	$ 155	$2,114	$ 2,269	1.22
1977	-	4,094	18	4,076	1,240	2,717	3,957	1.03
1978	-	4,537	25	4,512	1,600	2,883	4,483	1.01
1979	-	5,580	129	5,451	1,825	3,104	4,929	1.11
1980	2,223	4,443	114	6,552	1,860	4,037	5,897	1.11
1981	1,924	4,848	157	6,615	1,975	4,468	6,443	1.03
1982	2,016	4,941	55	6,902	2,240	4,562	6,802	1.01
1983	2,783	6,509	130	9,162	2,460	5,988	8,448	1.08
1984	2,181	7,929	144	9,966	9,535	7,606	17,141	0.58
1985	1,978	8,068	158	9,888	10,285	7,602	17,887	0.55

(1) Depreciation and amortization expenses are not included.
(2) Other sources of funds not reflected above for revenue bond coverage are state appropriations and fund reserves.

STATE OF MINNESOTA
SCHEDULE OF REVENUE BOND COVERAGE
STATE UNIVERSITY BOARD
LAST TEN FISCAL YEARS
(In Thousands Except Coverage)

Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1976	$16,482	$11,139	$5,343	$1,135	$2,613	$3,748	1.43
1977	17,122	12,130	4,992	1,180	3,163	4,343	1.15
1978	17,403	13,693	3,710	1,235	2,499	3,734	.99
1979	20,051	12,583	7,468	1,345	2,444	3,789	1.97
1980	21,125	12,246	8,879	1,345	2,602	3,947	2.25
1981	22,856	14,695	8,161	1,395	2,417	3,812	2.14
1982	25,424	18,695	6,729	1,450	2,353	3,803	1.77
1983	26,113	19,951	6,162	1,552	2,286	3,838	1.61
1984	26,487	20,877	5,610	1,500	2,217	3,717	1.51
1985	29,642	21,546	8,096	1,565	2,136	3,701	2.19

(1) Proceeds from grants and subsidies are included.
(2) Depreciation and amortization expenses are not included.

STATE OF MINNESOTA
SCHEDULE OF REVENUE BOND COVERAGE
HIGHER EDUCATION COORDINATING BOARD
LAST TEN FISCAL YEARS
(In Thousands Except Coverage)

Year	Loan Repayments	Gross Revenue (1)	Direct Operating Expenses (2)	Net Available For Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
1976	$ N/A (3)	$ 3,249	$ 663	$ 2,586	$ -	$ 2,189	$ 2,189	1.18
1977	N/A	3,439	582	2,857	-	2,041	2,041	1.40
1978	N/A	6,552	586	5,966	-	2,663	2,663	2.24
1979	31,301	8,659	749	39,211	-	3,085	3,085	12.71
1980	5,626	17,639	1,356	21,909	-	7,571	7,571	2.89
1981	5,687	33,559	2,414	36,832	-	13,642	13,642	2.70
1982	10,206	49,055	3,436	55,825	5,000	23,786	28,786	1.94
1983	25,908	43,434	4,678	64,664	9,000	27,580	36,580	1.77
1984	55,103	50,696	5,486	100,313	66,600	30,026	96,626	1.04
1985	103,416	52,408	5,092	150,732	108,500	29,060	137,560	1.10

(1) Proceeds from grants and subsidies are included.
(2) Depreciation and amortization expenses are not included.
(3) Not available.

STATE OF MINNESOTA
SCHEDULE OF REVENUE BOND COVERAGE
ENERGY AND ECONOMIC DEVELOPMENT
FISCAL YEAR 1985 (1)
(In Thousands Except Coverage)

Year	Gross Revenue	Direct Operating Expenses	Net Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1985	$3,071	$2,195	$876	-	$372	$372	2.35

(1) First year revenue bonds were issued.

DEPOSITS IN MINNESOTA FEDERALLY INSURED COMMERCIAL BANKS
(In Millions)

Year	Deposits
1976	$16,394
1977	18,497
1978	20,517
1979	22,927
1980	25,463
1981	27,415
1982	30,028
1983	33,946
1984	N/A
1985	N/A

Source: Federal Deposit Insurance Corporation.

MINNESOTA PER CAPITA PERSONAL INCOME

Year	Population (In Thousands)	Income
1976	3,957	$ 6,321
1977	3,980	7,176
1978	4,005	7,968
1979	4,038	8,899
1980	4,076	9,704
1981	4,112	10,689
1982	4,133	11,181
1983	4,144	11,667
1984	4,162	13,218
1985	4,222	13,748

Source: Data Resources Incorporated.

MINNESOTA GROSS RETAIL SALES
(In Thousands)

Year	Sales
1976	$12,773,267
1977	14,099,632
1978	15,757,781
1979	18,200,434
1980	19,371,588
1981	20,379,194
1982	21,438,961
1983	24,437,867
1984	26,812,093
1985	N/A

Source: Minnesota Department of Revenue, Unpublished.

EMPLOYMENT MIX IN MINNESOTA
(In Thousands)

Category	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985 (Est)
Manufacturing Durable	185.7	198.9	214.8	234.3	225.6	218.5	206.0	204.5	225.4	226.7
Manufacturing Non-Durable	136.0	139.5	143.5	148.2	145.3	143.8	140.3	140.4	148.5	151.1
Mining	15.0	12.0	16.5	17.2	15.6	15.7	9.5	8.4	9.4	8.9
Construction	65.4	69.5	79.6	84.2	76.4	67.9	59.7	60.3	68.4	73.5
Transportation and Public Utilities	89.9	92.8	94.2	100.3	99.8	98.5	94.8	92.4	97.0	99.0
Trade	383.5	404.9	425.5	444.4	442.8	440.1	430.9	428.5	459.5	476.1
Finance, Insurance and Real Estate	77.9	82.5	86.4	91.8	94.6	97.5	98.2	100.8	106.1	109.8
Service	291.5	311.5	331.5	355.8	369.7	381.8	380.6	392.1	417.8	438.1
Government	276.0	284.7	290.8	294.4	300.1	298.9	288.8	286.8	292.0	293.5
Agriculture	130.0	129.3	120.6	124.5	123.3	122.2	121.1	120.0	118.9	117.9
Total Employed	1,650.9	1,725.6	1,803.4	1,895.1	1,893.2	1,884.9	1,829.9	1,834.2	1,943.0	1,994.6

Source: Minnesota Department of Economic Security.

MINNESOTA UNEMPLOYMENT RATE

Year	Rate
1976	5.9%
1977	5.1
1978	3.8
1979	4.2
1980	5.9
1981	5.5
1982	7.8
1983	8.2
1984	6.3
1985 (Est)	5.6

Source: Data Resources Incorporated.

MINNESOTA BASED CORPORATIONS INCLUDED IN THE FORTUNE 500

Rank 84	Rank 83	Company	Sales ($000)	Assets ($000)	Assets Rank	Net Income ($000)	Net Income Rank
45	47	Minnesota Mining & Manufacturing	7,705,000	6,094,000	44	773,000	20
56	60	Honeywell	6,138,300	4,759,800	61	239,000	76
64	62	General Mills	5,600,800	2,858,100	106	233,400	78
71	76	Control Data	5,026,900	9,588,900	26	31,600	348
94	102	Pillsbury	4,172,300	2,608,300	118	169,800	111
161	121	Land O'Lakes	2,278,423	701,945	306	N/A	-
237	243	Farmers Union Central Exchange	1,487,794	697,086	309	N/A	-
240	241	Geo. A. Hormel	1,454,527	525,322	351	29,492	356
293	274	International Multifoods	1,067,166	459,977	385	32,925	344
358	373	Bemis	779,317	395,001	415	18,092	400
369	402	MEI	734,262	462,497	383	43,792	285
379	384	Economic Laboratory	704,016	420,326	403	36,445	324
386	400	Deluxe Check Printers	682,823	438,430	394	87,816	183
440	-	Pentair	545,438	282,486	459	21,245	390
473	493	H.B. Fuller	461,127	236,489	478	11,895	424
486	-	Jostens	440,363	269,827	464	33,786	335
496	-	Medtronics	422,737	459,852	386	59,123	245

Source: Fortune Magazine, dated April 29, 1985.